

OBAMA'S SECRET WEAPON FOR
PASSING HEALTH-CARE REFORM

VISUAL ART GETS
POLITICAL AGAIN

YOUR DEMOCRACY NEEDS
YOU: A SPECIAL REPORT

THE AMERICAN PROSPECT

LIBERAL INTELLIGENCE

JANUARY / FEBRUARY 2009

NEW DEAL II

This Time It's Global



THE AMERICAN PROSPECT

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"Economic safety for the America of the future is threatened unless a greater economic stability comes to the rest of the world."

—FRANKLIN D. ROOSEVELT, 1943

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Campaign-finance reform, same-day voter registration, instant-runoff voting: None of these procedural reforms have lived up to their promise to allow all our voices to be heard. A new generation of reformers is looking at democracy as a comprehensive system, using its strengths to repair its weaknesses. Contributors to this special report include **Bob Edgar** of Common Cause, Yale law professor **Heather K. Gerken**, and consulting editor **Larry Marx**. Special thanks to the funders listed on page A1.

TAP ONLINE

This month www.prospect.org features reporting and commentary on the first weeks of the Obama administration. And leading progressive economists discuss Dean Baker's new book about the financial crisis, *Plunder and Blunder*.

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The Competence Dodge

IN NOVEMBER 2005, THE *PROSPECT* PUBLISHED AN ingenious and influential piece by Sam Rosenfeld and Matt Yglesias titled “The Incompetence Dodge.” The article took lethal aim at liberal hawks who had argued that the Iraq War was the right idea; it had just been

executed incompetently. Rosenfeld and Yglesias demolished that conceit, demonstrating that the whole enterprise was flawed, in premise as well as execution.

Some progressives who find themselves disappointed by Barack Obama’s senior economic appointments are consoling themselves with what might be termed “the competence dodge.” The orthodox moderates named to top economic positions, the argument goes, were admittedly part of former Clinton Treasury Secretary Robert Rubin’s team whose deregulatory policies helped spawn today’s crisis. But at least they are highly competent.

Some even see these appointments as a reflection of Obama’s political genius. When Tim Geithner’s appointment as treasury secretary was leaked, the Dow gained almost 500 points. Using centrist nominees as cover for a fairly radical economic program could be Obama’s latest master stroke. If only.

A year ago, Obama had an economic-policy staff of one—Austan Goolsbee of the University of Chicago. To the extent that the candidate himself had fully formed positions, they were in areas he knew well, such as foreign policy, criminal justice, and constitutional rights, not economics. Even so, Obama’s best speeches—the early ones that he wrote himself—suggested the soul of a New Dealer.

But as Obama became the leading contender, he needed a real economic team. By spring 2008, Obama was in reassurance mode. His success depended

on convincing skeptical swing voters that he was trustworthy and mainstream. It was no time for heterodoxy. He turned to safe, senior economic experts, parading them on national television. This self-reinforcing group of mostly Clinton alums also proved competent at campaign-infighting. They became not just provisional advisers but core economic appointees.

Former Federal Reserve Chairman Paul Volcker, now 81, will get a part-time role heading a commission to solicit ideas on economic recovery. He has far less of a power position than either Geithner or Larry Summers, who heads the National Economic Council. Volcker, no friend of trade unions or deficit spending, is at least a true regulatory hawk. What a moment for Democrats when the lefty is Paul Volcker!

The invisible hand of Robert Rubin, who insinuated himself yet again into the heart of a Democratic presidential campaign, is evident in the whole band of brothers. Rubin protégés include Summers, Geithner, Peter Orszag, and Jason Furman. In fairness, there are differences among these men, and even protégés become their own people. Orszag has done a superb job at the Congressional Budget Office debunking the supposed entitlement menace, one

of Rubin’s cherished causes. Geithner is more pro-regulation than his predecessor, Hank Paulson, though as the crisis worsens that may be faint praise. Summers is the most orthodox of the three. But any rivalry of this ideologically similar team will be about primacy, access, and power, not about notably divergent policy prescriptions. The same could be said of Obama’s much exaggerated policy differences with his arch rival and now secretary of state, Hillary Clinton.

Here is where the competence dodge fails. Nobel laureate Joseph Stiglitz and Federal Deposit Insurance Corporation Chair Sheila Bair, to name just two, are also utterly competent, but they have more radical views on remedies than Obama’s senior economic team. At this writing, Geithner is said to be trying to oust Bair. Alan Greenspan was technically competent, too, but entirely wrong on whether markets could regulate themselves. Summers professes markedly different views than those he held a decade ago, citing changed circumstances. Summers, then a deregulator, now wants tougher financial regulations. Once a budget-balance man, Summers now calls for big deficits.

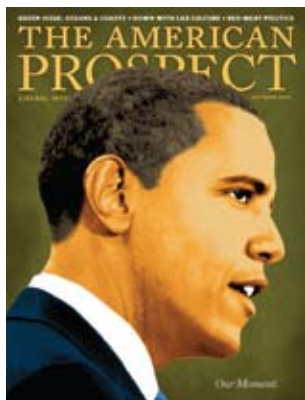
But the devil is in the details. Is the stimulus package a one-shot or the beginning of a permanent increase in public investment? Will Geithner and Summers pursue

a more competent version of the Paulson bailouts, or more fundamental interventions? Should they nationalize a bank or two rather than just throwing money at bankers? Should entire categories of exotic derivatives be prohibited? Should credit-rating agencies become public utilities? Should distressed mortgages be refinanced directly by the government? Recovery will hinge on getting all this right.

In his views on economic policy, as in his life journey, Barack Obama is still a work in progress. As president, he will need to be the boldest and most competent of the lot. **TAP**

— ROBERT KUTTNER

*Competence gets
you in the door,
but will Obama’s
centrists deliver
radical reform?*



NOTHING IS INEVITABLE

MARK SCHMITT's December cover story, "The Audacity of Patience," quoted a public letter from **WILLIAM GALSTON**, former Bill Clinton policy adviser and current **BROOKINGS INSTITUTION** senior fellow, to Barack Obama in September, warning that Obama was squandering his opportunity. In response to Schmitt's article, Galston wrote in: "I chose to speak out, urging Mr. Obama to hone his stump speech and focus relentlessly on the economy. My advice had nothing to do with alleged doubts about his ability to maintain an ever-widening coalition, as Schmitt suggests. It reflected my view that Obama's message was curiously muffled at a time that cried out for clarity and force. Schmitt [can't] be sure that Obama's early-September strategy would have been good enough in the absence of later [economic] events. In retrospect, everything looks inevitable, but almost nothing ever is."

Sociologist **NORMAN BIRNBAUM** tipped his hat to Schmitt for rising above typical post-campaign coverage: "I am not the only one struggling with a flood—a flood of analysis, comment, and historical analogy (generally devoid of historical

knowledge) in which hundreds of writers demonstrate their shared commitment to let no event cause them to think, much less rethink. As one might expect, Mark Schmitt's article is a very honorable exception."

HIGH STEAKS

DEREK MARKHAM, a writer for the environmental news service **PLANETSAVE**, found solace in **BEN ADLER's** piece ("Are Cows Worse Than Cars?") on the environmental impact of meat. "It really stands out as a reminder of the clearly divided environmental movement," Markham wrote, quipping: "Until the connection between CO₂ emissions, global warming, and our diet is accepted, you can be sure that people will be rolling through the drive-thru for a Big Mac, in their biodiesel or hybrid [car], feeling like they're really making a difference." And on **TAPPED**, the *Prospect's* staff blog, commenter **LEO** wrote, "I didn't even have to know the guy's background to know he was a vegetarian." Sorry to disappoint, but Adler is, in fact, a meat-eater.

BICYCLE BUILT FOR TWO

Politics and culture blog **THE AMERICAN SCENE** enjoyed **DANA GOLDSTEIN's** piece ("Street Fighter") on New York City transportation-policy reform and its biggest backer, Janette Sadik-Kahn. Wrote **REIHAN SALAM**, "Sadik-Kahn has a winning quality that I can't quite define. If nominated and confirmed—and I kind of hope she isn't, as it is better to have her devise innovative policies at the local level than to try to

steer the Titanic—I think it is safe to say that she would be the most crush-worthy member of an Obama Cabinet."

SUGGESTION SOUP

ED KILGORE of the group blog **THE DEMOCRATIC STRATEGIST** got all tingly reading **DAYO OLOPADE's** piece on progressive white papers covering Obama's desk ("The Paper Chase"). He wrote, "I had a spasm of nostalgia while reading Olopade's reference to the Progressive Policy Institute's 1992 transition tome, *Mandate for Change*. This effort, to which I contributed a chapter on crime

policy, was so unique at the time that it was translated into several languages and was reportedly a best-seller in Japan for a while. This time around, there are so many books, pamphlets, and memos coming out with suggestions for the Obama administration that you can't stir 'em with a stick. And that's a good thing."

Write to us at letters@prospect.org or to The Editors, The American Prospect, 1710 Rhode Island Ave., NW, 12th Floor, Washington, D.C. 20036. Or join the conversation online at www.prospect.org

FROM THE EXECUTIVE EDITOR

SO HERE WE ARE—AFTER A LONG ERA DURING WHICH progressive ideas were nurtured by a minority far from power, we find ourselves on the eve of the inauguration of a president who shares our values and whose resounding victory represents at least a rejection of the conservative era.

Now the opposition is the limits of our own imagination: Can we think creatively enough and expansively enough to match the magnitude of the economic crisis? Can we overcome the conventional wisdom about budget deficits or industrial policy that threatens to limit our response to the current recession and thus prevent us from embarking on a new era of creative government? Can we recognize that creating the next era of prosperity and security requires us to develop entirely new solutions on a global scale? These are among the questions that Robert Kuttner and Harold Meyerson take on in this issue.

This month's special report is particularly important to me because for years I was involved in campaign-finance reform and other efforts to improve the political process. Much energy was expended in internal battles over which single procedural reform should be considered the answer: campaign-finance regulation, reform of congressional redistricting, or a dozen others. We've long needed a more comprehensive way of looking at citizenship, one that acknowledges and builds on the strengths of American democracy—especially as revealed in the 2008 election—rather than just trying to fix the weaknesses. In recent years, a small movement has emerged to look at democracy more broadly. Our special report is an introduction to the ideas and experiences of this next generation of civic renewal. — MARK SCHMITT

Up Front



MUSTACHE MISTRUST

WOMEN ARE SKEPTICAL OF MEN WITH FACIAL HAIR—at least according to the research of Dr. Chris Solomon at Kent University in England, who conducted interviews with 111 women reacting to photographs of 120 men.

So does this mean distrust will tear apart Barack Obama's much-ballyhooed "team of rivals" Cabinet? Consider this: Alongside women Hillary Clinton, Janet Napolitano, and Susan Rice, several of the men close to Obama sport facial hair. There's David Axelrod, the president's senior adviser, whose Burt Reynolds-style 'stache dominated the campaign season. Then there's Eric Holder. Many distrust Holder because he facilitated Bill Clinton's pardon of financier Marc Rich. If Dr. Solomon is to be believed, however, women (those flighty broads!) will be more concerned about Holder's signature, thick mustache. And consider Bill Richardson, Obama's onetime primary rival and now commerce secretary, who went *au naturel* with a full beard after dropping out of the presidential race. He shaved that beard around the time he began jockeying for a Cabinet position. Coincidence? Or a bid to get Hillary to forgive him for endorsing Obama?

But wait. Solomon's study only tested women's reactions to *white* men with facial hair. Holder, you're off the hook! As for Axelrod, there's little doubt Hillary Clinton, at least, won't regard him kindly—he was one of the architects of the campaign that quashed her commander-in-chief ambitions. Or maybe it's just the mustache. Who knows?

ADMINISTRATION, TO GO

One little-known part of the presidential transition process is the removal and disbursement of old inventory from various executive offices and agencies. As with any large organization, closets full of supplies gather dust until review teams identify what stays and what goes. What follows are excerpts from the Obama transition team's recommendations for inventory to be discarded, obtained at great risk by the *Prospect*.

■ Department of Justice, Office of Legal Counsel: Boards, wood, seven feet long. Used for: Waterboarding.

■ Federal Emergency Management Agency: Request forms for disaster-relief workers (unused); resumé (s); congratulatory messages from the president.

■ Department of Defense: Halliburton Koozies (3,000); Halliburton hats (150); Halliburton golf tournament T-shirts (150); Halliburton bill (\$3.92 billion).

■ National Security Agency: Transcripts of phone conversations (yours); file marked "al-Qaeda-Iraq connections" (empty); surveillance pictures (NSFW).

■ Food and Drug Administration: Shelf marked: "Drug Approval Guidelines"; contains one (1) King James Bible.

■ Office of the Vice President: Shredders (15); office is missing copy of the Constitution.

THE UPSIDE OF DOWN

It's official; we're in a recession. Are you desperate? Unemployed? Don't just sit there. Get in on these once-in-a-downturn boom economies.

Cosmetics. Some women would rather eat less than buy less make-up. They will even buy fewer clothes than deign to cut back on make-up. And women actually buy *more* make-up when their purse strings are tight. Estée Lauder's chairman, Leonard Lauder, says you can gauge a recession by watching lipstick sales go up. What does



this mean for you? Success is on the way. One Mary Kay vendor says 2008 has been a boon to the company. The moment is now. Sign up to become an Independent Beauty Consultant today!

Lottery. You, too, can win instantly as a lottery director. This year, 22 states with lotteries set sales records. Not interested in a career change? Multimillions can still be yours at less than 10 discretionary entertainment dollars a game. Hey, you never know.

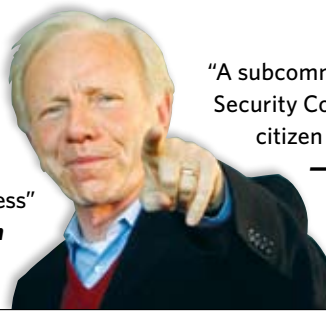
Repo Man. Use your pent-up financial resentment to repossess other peoples' happiness. Mortgage lenders have turned to repossession 41 percent more this year than they did in 2007. Repossession could be *your* chance to take back the recession, one speedboat at a time.

ERIC PALMA

THE QUESTION:

WHAT NEW COMMITTEE SHOULD JOE LIEBERMAN BE APPOINTED TO CHAIR?

"The Select Committee on Unctuous Smirking and Self-Righteousness"
—**Paul Waldman**
Media Matters



"A subcommittee of his Homeland Security Committee—looking into citizen disloyalty"
—**Curtis Gans**, Director
of Center for the Study
of the American Electorate,
American University

"The Committee on Party-Switching and Republocratic Affairs"
—**Dr. Larry Sabato**
Director of Center
for Politics, UVA

Who says America's not a land of opportunity?

AFRICAN AMERICAN?

Apparently having black national security advisers and black secretaries of state hasn't helped some folks at CNN get used to the idea of black people holding important foreign-policy jobs or, you know, being Americans. In early December, a CNN display described U.N. Ambassador Susan Rice as a "former undersecretary of state for African *American* affairs." (Our italics.) But look, why pass up a perfectly good opportunity to speculate on an appointment just because the job is actually a network glitch? Here are our suggestions for the new undersecretary:

Jim Jones—Rapper Jim Jones is one of the leaders of Dipset, short for "The Diplomats." Obviously we want diplomats in the State Department, and if Jones ever messes up he can push the blame onto National Security Adviser Gen. James Jones.

Shelby Steele—The conservative race theorist recently wrote a book explaining how Obama would be unable to win the 2008 election. Obviously, he now needs a job.

Cynthia McKinney—The former congresswoman and Green Party presidential candidate would be an ideal candidate for schooling ignorant Americans on the finer points of black hair.

PARODY by T. A. Frank

T.A. Frank is an Irvine Fellow at the New America Foundation.



THE WHITE HOUSE
WASHINGTON

Dear Bom-bom,

I'm not much of a letter writer, I guess, but I wanted to leave some advice for you as Laura and I move out. That's what Bill Clinton did for me, and it worked out pretty fine. I don't want to get too deep into policy this or policy that, but here's some stuff I think you should know:

The White House gym is pretty good, and I added some important new equipment in order to intensify my fitness experience. I acquired the GM4500 because its padding was soft and stylish but still gave my body the support it needed to concentrate on my abductors and quadriceps. I also recommend you try adding extra free weights to intensify your glute workout. Condi agrees.

On the economy, I'm not super clear on where we are right now, but I do think the whole sucker could probably implode or something. Hammer and Nanke-pank have been pretty worked up, but they're good men and doing their level best to get us back to where we need to be. Also, the American people want reassurance, and that's why I get up there on that TV screen and remind them that I'm still here, every day, up to something, maybe a lot, maybe a little, but always something.

24 is one very awesome show that will get you all juiced up for crushing evildoers. And, you know, as I was saying to my good friend Prime Minister Koizumi the other day, even Jack Bauer makes some mistakes sometimes. And it just—it makes you feel better if you've made a mistake about what peoples or nations to invade and so on. Sometimes, it just keeps me guessing, like that one where Jack's addicted to heroin, but he's got to infiltrate a Mexican drug cartel to intercept a deadly virus. But he just does his thing and saves our butts. That's what it's all about.

You should probably keep an eye on Joe Biden, just to make sure he's managing the government how you like it. If you don't like the folks he's picked to be in charge of OMB, or to be deputy national security adviser, or undersecretary of state—that sort of stuff—just talk to him, and I tell you what: He'll listen. And when he's having all these meetings, and you want to know something about them, don't be afraid to ask. He's there to help you be the decider. And if you ever doubt it, look in the mirror and say what I used to say in my campaign: I'm a leader. I know how to lead. Say—how come you don't ever say that?

Sincerely,

Dubya

Our Capitalist Government

BY MARK SCHMITT

THE BASIC STORY OF AMERICAN ECONOMIC HISTORY is that every crisis has brought an expansion of government. But crises—along with eras of progressive consensus—don't just grow the government in familiar ways, measured by dollars spent or the number of pages in

federal regulations. Instead, the needs of the moment force government to find entirely new ways to fix problems, improvisations which then live on as tools of policy.

That government should invest in public goods like education and infrastructure that capitalists will never build on their own is an idea as old as the Republic, and even Thomas Jefferson supported spending on "internal improvements." Beginning with the pensions of the Civil War and continuing through the New Deal, government expanded its role as a provider of insurance against old age, illness, and economic misfortune. Government embraced its power to stimulate a dormant economy in the later New Deal era. In the postwar decades, government became comfortable with using its ability to make loans or to guarantee them, broadening access to higher education and homeownership.

In response to the current financial crisis and the latest shift in the political tides, government is stumbling toward two new economic roles—as a patient investor and private-sector benchmark—in which it is shaping capitalism from within.

The first role is that of an investor who can afford to wait for the payoff—a lender like Warren Buffett who doesn't demand increased profits every quarter. Even during the bull market, patient investors were rare, which meant companies were driven farther and farther out on the edge in order to boast, as Lehman Brothers did, of 55 consecutive profit-

able quarters before the one in which the house of cards collapsed.

The federal government has taken on hundreds of billions of dollars in securities from financial companies and is weighing a major loan package for the auto industry. As citizens, we will find ourselves owning a huge portfolio of private-sector assets that may or may not be worth more than we're spending. These are not classic public goods, in that the market would never finance them, but risks that the short-sighted investors of the moment were not willing to take. It was a Republican senator, Robert Bennett of Utah, who seemed to understand this at a Dec. 3 hearing on the auto bailout. Listening to General Motors chief executive officer Rick Wagoner explain that his company couldn't merge or collaborate with Chrysler because investors wouldn't pay for it, Bennett objected, "The reason they don't do it is not because it's not a good business decision ... but because it will not attract short-term financing. [But here] you're talking to a potential lender of patient capital in large amounts. Government capital is the most patient capital there is."

As it becomes a part-owner of key

components of the private economy, the government will have to exercise its new power as a shareholder. A second emerging role for government is that of benchmark for private-sector competition. *Prospect* founder Robert Kuttner proposed in October that the government nationalize one major bank in order to set a standard for others. A similar vision is inherent in proposals for universal health care, such as those released by Obama and by Sen. Max Baucus, that involve a generous and efficient public plan against which private insurance companies would compete. In this role, government sets standards for the private sector not primarily by regulation but by using its own efficiency and scale to set a target for for-profit competitors. This would have been unimaginable a few years ago when government was considered plodding and inefficient compared to the daring brains of the private sector. But circumstances change.

In both these new roles, the government is less a regulator of the private economy than a knowing participant, a market actor providing both liquidity and

incentives to make markets work for the common good. In both cases there are dangers. There's a thin line between being the patient investor and becoming the "last sucker" who will buy an asset after everyone else has figured out that it's worthless. And it's easy to foresee private insurers pushing sicker and older customers onto the public plan, making it more expensive and unwieldy.

But these dangers can be avoided as long as government embraces these new roles with its

eyes open, aware of the risks. Armed with these two new instruments, government has the power to undertake a radical transformation of the economy, one that, like every previous expansion of government, will ultimately save American capitalism. **TAP**

As it becomes a part-owner of key pieces of the private sector, the government will have to consider how to exercise its new power.

Getting Ahead of Congress

BY DANA GOLDSTEIN

GAYS IN THE MILITARY. REPRODUCTIVE RIGHTS AT home and abroad. Equality in public education. If this list of progressive policy priorities makes you cringe, you're not the only one. No sooner had the Democratic candidate flipped swing state after swing state—in

an election Republicans tried to win on culture—than a chorus rose up urging Barack Obama to proceed with extreme caution on social issues. Randi Weingarten, the nation's highest-profile teachers' union executive, told *The Wall Street Journal* she didn't expect Obama to quickly address failing schools. "We have to focus on the economy first," she said. Rep. Barney Frank of Massachusetts, who is gay, told the *Washington Blade* that Obama should put off repealing the Don't Ask, Don't Tell policy toward gays in the military until "Iraq is over." Matt Yglesias, an online columnist for the *Prospect* and a blogger for the Center for American Progress, wrote that it would be unwise to quickly advance pro-choice and gay-rights legislation: "When thinking about your priorities, it's important to front-load with the right things."

Yes, the economy and Iraq must be President Obama's first priorities. But portraying social issues as the "wrong things"—as oppositional to economic and security issues—is unhelpful and almost guarantees a stalemate on key civil-rights goals. Misgivings from conservative Republicans and skittish Democrats should not drive Obama's agenda. Rather, the president must begin reaching out to Congress to build support on key social issues right away. If he doesn't lay the groundwork now, future opportunities will be lost.

Consider Don't Ask, Don't Tell, which proved a political quagmire for Bill Clinton early in his first term. In 1993,

just 44 percent of Americans believed gays should serve in the military. Today, an encouraging three-quarters of the public believes gay people should serve openly. Repealing Don't Ask, Don't Tell will still be controversial. But with significant public support for a repeal, the time is ripe for the administration to signal that it takes the issue seriously.

The same calculus applies to reproductive rights. George W. Bush ensured that even his most progressive foreign-policy achievement, a global HIV/AIDS prevention program, was saddled with the "global gag rule," which prevents U.S. foreign aid from funding family planning, including condom distribution. Reinstating the gag rule, first imposed by Ronald Reagan, was one of Bush's earliest acts in office. Obama shouldn't be shy about moving just as quickly to overturn it.

On the domestic front, Obama is likely to appoint judges who support *Roe v. Wade*. But with 87 percent of U.S. counties without an abortion provider and growing numbers of pharmacists refusing to dispense birth control, many women must jump through financial, legal, and logistical hoops to access reproductive health care. The only way to reverse this situation

is through federal action. One option is the Freedom of Choice Act, which would legislatively enshrine *Roe's* principle that states cannot restrict women's access to abortion prior to fetal viability. Post-*Roe* Supreme Court rulings gave states wiggle room to enact earlier restrictions if they contained exceptions for women's health; Congress could take that latitude away and once again empower patients and doctors. But congressional Democrats will have little motivation to address this issue and negotiate with Republicans to prevent a filibuster unless the administration is willing to take a leadership role on choice.

On education, Obama's approach must be more complex, since the Democratic caucus is split between defenders of the teachers' unions and those who believe reform should include free-market policies generally opposed by the unions, such as merit pay and ending tenure. But Obama could easily put off dealing with some of the more contentious, union-related education issues while including some elements of education reform in his economic stimulus package. One example? He could

inject billions of federal dollars into constructing new school buildings, particularly in inner cities and rural areas. This would create jobs and prove Obama's commitment to disadvantaged students.

Of course, this does not mean Obama should plunge forward on difficult issues without acknowledging sensitivities. But a president with such committed grass-roots support ought to be held to a high standard of leadership on civil-rights issues. The extremism of much of the Republican congressional

caucus is no excuse for Obama to put off making progress. If the administration doesn't take serious steps toward aggressive social change early on, Congress won't prepare itself to go along for the ride. The poor, women, and minorities will be the ones left behind. **TAP**

The extremism of much of the Republican congressional caucus is no excuse for Obama to put off progress on social issues.

A Global New Deal

*The next New Deal won't work if it's only American.
Fixing our economy will require fixing international systems.*

BY HAROLD MEYERSON

If you look at all of the U.S.-based operations of American International Group (AIG)—the insurance and annuities company that our government has been compelled to take over and bail out with more than \$100 billion of our money—it's hard to see how the company got into trouble. Within the United States, AIG consisted largely of regulated insurance companies, subject to the conscientious oversight of 50 state insurance commissioners. How could such a company go wrong?

Actually, the better question is *where* did such a company go wrong? AIG was dragged down by its financial-products unit, which marketed the credit-default swaps on which the company could not make good when, unexpectedly, it had to pony up actual money to cover them. And that financial-products unit was headquartered not in the U.S. but in London—the world financial center known for its aversion to regulatory controls. AIG, along with much of the American financial sector, had been favored—and then, doomed—by federal legislation that exempted credit-default swaps from all regulation. Still, at least on paper, there were two oversight bodies with responsibility over the activities of the London office. Because AIG owned a savings and loan association in the States, the U.S. Office of Thrift Supervision—a notoriously lax regulator—had oversight jurisdiction over the London office. So did the French government's banking regulator, since AIG owned a bank in France.

But the disintegration of AIG suggests that nobody really regulated its London-based financial-products unit. And the multinational mishmash of regulatory bodies that claimed jurisdiction over the London office while actually doing nothing to rein it in, not to mention the national regulatory bodies that *didn't* claim jurisdiction over the office (such as Britain's), suggests another culprit: the failure of nation-states to figure out who is responsible for overseeing the activities of banks and corporations whose offices are spread across the planet. To put it more succinctly, the failure of nation-states to figure out who the hell is supposed to regulate global capitalism.

Barack Obama may well seek a new New Deal to right a profoundly dysfunctional American economy. But he faces one constraint that Franklin Roosevelt didn't have to confront in the 1930s: The economy that Roosevelt saved was fundamentally a national economy that could be altered by national

policies. The economy that Obama must fix, by contrast, has national dimensions that can be altered by national policies, but in matters ranging from corporate conduct to consumer safety to Americans' incomes, not to mention global warming, purely national solutions no longer suffice. To fix America today requires fixing global systems. The next New Deal won't work if it's only American.

THE PROBLEM ISN'T CONFINED TO the financial sector, though the globalization of finance is vexing enough. Consider the issue of consumer safety, in pursuit of which the United States has created an array of agencies going back to the Food and Drug Administration (FDA) in 1906. About 60 percent of the fruits and vegetables that Americans consume are imported, and from 1997 to 2007, U.S. imports of agricultural and seafood products from China increased nearly four-fold. Virtually all the ascorbic acid that goes into vitamin C comes from China. Yet the FDA, which has jurisdiction over all these products, has no country- or factory-certification process through which it could prescreen these products, and its inspectors check less than 1 percent of imports when they arrive on our shores.

China is trying to beef up its own safety standards, but to date, its most publicized success is its execution of the head of a regulatory agency who was caught taking bribes. Even as China scurries to strengthen its safeguards—indeed, *because* China will strengthen its safeguards—production will drift to Vietnam and other nations where labor is cheaper and regulation more lax, says Rachel Weintraub, the director of product safety at the Consumer Federation of America. So how many inspectors should the FDA send to China—or Vietnam? Should we also try to sign compacts that hold these countries to specific safety standards? Should there be a global product-safety treaty that penalizes nations for their violations? In short, who should regulate global consumer safety?

Or consider the issue of Americans' incomes, which have been largely stagnant in recent decades and which actually fell during the recovery that occurred in the middle years of the Bush presidency. Multiple factors are responsible for this anomaly, but surely the fact that U.S.-based corporations shifted their production and services to such cheaper-labor centers as East Asia, India, and Eastern Europe is one of

them. Obama has singled out income stagnation as one of America's foremost problems, and some of the programs he supports—rebuilding infrastructure, strengthening unions—would address that concern.

But how much can American incomes rise if the downward pressure on wages created by a globalized labor market doesn't abate? According to the International Labor Organization's first-ever *Global Wage Report*, released this November, from 1995 to 2007 in nearly three-quarters of the world's nations, the share of gross domestic product that goes to wages has declined while the share going to profits has risen. Obama can certainly pursue policies that would create more well-paying jobs within the U.S., but American companies' reliance on low-wage labor outside our borders will limit such an effort. Can Obama secure a trade accord that sets decent labor standards

edifice. Other problems are knottier. Who, for instance, is responsible for riding herd on the next AIG? Is it possible to enact and enforce essentially uniform financial regulations globally, since just one nation with more lax regulations will likely attract lenders and investors to its shores and undermine the global regulatory system? "No center of hedge-fund activities wanted to regulate hedge funds unless the other centers did," says one securities analyst, which is why hedge funds have remained unregulated.

Many believe that Obama will have no alternative to regulating global finance within the existing structure of sovereign nation-states. Ethiopis Tafara, director of the Office of International Affairs of the Securities and Exchange Commission, believes that by using mutual access to markets as an incentive, the U.S. and other nations can agree on common,

high-quality regulatory standards for securities trading. As for an international body that could exercise a regulatory role over major financial institutions, Tafara cannot conceive of one anytime soon. The two options for regulating a global financial institution, he says, are either for one national regulator to claim jurisdiction over all of a global company's activities, or, far more likely, for different nations' regulators to collaborate and share that responsibility—each taking the lead in overseeing the firms' activities that are within its borders. Tafara affirms the G-20's call, at its November summit, for a college of supervisors, in which different nations' regulators would routinely share information and concerns about particular banks and companies.

But Tafara's model assumes that a range of national regulatory bodies could operate smoothly and in coordination with one another in dealing with a global firm. In such a system, however,

some of the firm's activities could fall through the cracks—particularly the activities the firm doesn't want regulated. A more proactive regulatory model is that put forth by economist/investor Rob Johnson, who was chief economist for the Senate Banking Committee in the 1970s and 1980s. Johnson believes that "an international order of homogeneous regulation" is a requirement for restoring order in capitalism. In a crisis such as this one, he argues, a Swiss bank can wreak havoc with finances in Los Angeles—which is why he believes that sanctions rather than incentives must be the building blocks of the new system. Regulators have to tell companies and lenders, "You can't play in our markets if you don't report to us. You must file balance-sheet statements regularly. As your size increases, you must file more frequently."

But Johnson fears that in pursuing a global regulatory compact, Obama will encounter a distinctly national problem: the strength of Wall Street. "The financial sector in the U.S. and Britain is enormously powerful," Johnson says. Strict regulations may go down more easily in nations such as Germany that have stronger manufacturing sectors or labor movements.

The most far-reaching case for global regulation—indeed,



It's Global: World leaders meet at the G-20 Summit in Washington, D.C., November 2008.

and ensures workers' right to bargain? Can he—can anyone—get workers an across-the-board raise, when across-the-board means across borders, oceans, and hemispheres?

SOME GLOBAL PROBLEMS actually can be fought at the national level—provided that all the key nations join the fight. The current global recession could be countered at least in part if the governments of the world's major nations—all of whose economies are tanking—agreed to enact countercyclical recovery programs. Unfortunately, for every China, which is trying to stimulate its economy with massive public spending, there is a Germany, which seems unwilling to deficit-spend its way to recovery. One task that Obama will likely be compelled to undertake, then, is to persuade the Germanies and Japans—nations historically opposed to Keynesian remedies—to bolster their public outlays, lest their fiscal conservatism retard a global recovery.

This would be one of the easier challenges that globalization will pose to the new administration, since stimulus programs, which are enacted and administered on a national level, don't require establishing some new, transnational

for a global New Deal—comes from the global labor movement. That unions favor New Deal-like social and economic arrangements comes as no surprise; that the labor movement now has genuinely global institutions probably does. In recent years, hitherto national unions and union-federations have begun to go global simply to keep up with their employers. (Now, for instance, a global council comprises all the unions that have contracts with the world's largest steel manufacturer, ArcelorMittal, which meets with the company's top executives to hammer out cross-border labor standards.) On Nov. 15—the same day that the G-20 leaders met in Washington—three such new global entities, the International Trade Union Confederation, the Trade Union Advisory Council to the Organization of Economic Cooperation and Development, and the Global Union Federations (sectoral organizations of individual unions), released their own “Washington Declaration.” It called for nothing less than a new Bretton Woods system that would create a global economy with compacts and laws to regulate capitalism and foster countervailing institutions—such as global unions themselves—that would reduce the economic inequality inherent in unregulated capitalism.

The global unions' program goes well beyond anything to which Obama has committed himself, though its core goals—regulating financial systems gone wild and raising workers' incomes—are goals that Obama shares. Plainly, he can achieve many of his goals through domestic policy, but some of the choices he must make—on trade in particular—necessarily involve either accepting current global rules or writing and negotiating new ones.

Pushing for stronger global regulation of finance, product safety, labor rights, and the like might seem an indulgence Obama can ill afford. Or, given the exigencies of coping with a global economy, such global reach could prove surprisingly necessary.

AS OBAMA BEGINS TO BUILD the new New Deal, he needs to understand one of the revolutionary things about the original New Deal—its nationalizing aspect. In this case, “nationalizing” doesn't mean the takeover of a private concern by the federal government. It means that, during the New Deal, government and unions ceased to be local and became national in scope—for the simple reason that business and finance had long since become national in scope and, as such, had moved beyond the power of government and unions to regulate and bargain with them.

At the end of the Civil War, Americans lived within local economies. Then railroads, steel and oil companies, meat-packers, and eventually automakers, with the considerable assistance of the nation's largest banks, began functioning on a national level, bending state and local governments to their will. Largely unregulated and in the absence of national countervailing powers, these institutions were unassailable until the crash of 1929 and the ensuing depression stripped them of much of their clout. Only then did Franklin Roosevelt's New

Deal create national regulations on their conduct, and the agencies to enforce them. Only then did genuinely national unions arise that won national contracts from employers.

Taking government from the state to the national level was necessary to save the economy and build American prosperity. During the waning days of the Hoover administration, for instance, the governors of a number of states ordered bank closings to forestall depositors' runs on the banks. What the governors could not do, however, was restore depositor confidence. That is precisely what Roosevelt did, by coupling an order to close all banks so their books could be checked with the establishment of a federal deposit insurance agency—a solution beyond capabilities and resources of the nation's insolvent state houses. Similarly, though individual states had enacted wage and hour laws before the Depression, creating the prosperity and stability of the post-World War II economy required the New Deal federal standards.

Today, Obama faces a similar challenge to Roosevelt's—and has a similar opportunity. Over the past several decades, the same asymmetry of power that characterized America between 1865 and 1932 reappeared—but on a larger scale. Finance and corporations have become global, outstripping the regulatory and bargaining powers of merely national governments and unions. Now, as in 1933, it is suddenly possible to globalize at least some standards and regulations, just as Roosevelt once nationalized them. The changes will come more haltingly and piecemeal than they did in Roosevelt's New Deal, because the leap from nation-state to global order is far greater than that from state capitols to Pennsylvania Avenue. But as in Roosevelt's time, the changes will come because the asymmetry of power led to an unregulated economy that col-

lapsed of its own weight and folly—and because the only way out of the collapse may be to regulate that power on the global scale where, until recently, it was unchallenged.

How broad the changes are, how sturdy or rickety the new global architecture that emerges is, depends on a multitude of variables. Financial institutions may well oppose the formation of transnational agencies that, say, restrict the amount of leverage they're allowed to carry; multinational corporations will surely resist anything resembling global labor laws. Nations that disproportionately rely on the financial sector will oppose financial restrictions; nations at different stages of economic development will take different positions on wage and environmental standards. The very idea of a global New Deal would be altogether preposterous but for the fact that the return of prosperity may depend upon it. But then, the same once could have been said of a national New Deal, too.

Finally, just as the creation of the national New Deal depended upon Roosevelt, the creation of a global one will depend upon Obama—a figure who seems uniquely suited to voice not just the nation's but the planet's aspirations. The world—its citizens and its economy—awaits him. **TAP**

**CAN OBAMA—
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GET WORKERS
AN ACROSS-THE-
BOARD RAISE,
WHEN ACROSS-
THE-BOARD
MEANS ACROSS
BORDERS,
OCEANS, AND
HEMISPHERES?**

Obama's Economic Opportunity

The dismal state of the economy presents Obama with the chance not just to produce a recovery but to restore a more egalitarian society—and a progressive majority.

BY ROBERT KUTTNER

History has delivered Barack Obama the greatest economic crisis since the one that greeted Franklin Roosevelt. As in 1933, the crisis is the direct result of free-market ideology and conservative misrule, which once again stand disgraced. This creates a once-in-a-century opportunity for Obama to redeem American progressivism as the nation's majority philosophy, with government playing a far more active role in the economy—not just to produce a recovery but to restore a more egalitarian and secure society. However, this opportunity also produces an equally huge risk of failing, which would be seen as a failure of liberal government. Conservative ideology and Republican rule would come roaring back.

Success requires bold, immediate action. First and foremost, Obama must pull back the economy from the brink of depression. Only if he masters this primary challenge and points the economy toward recovery will he gain the political capital needed for the other hurdles—from reform of collapsing health and pension systems to the long-term conversion of the energy economy.

If Obama uses activist government to spare us a depression, he will reap immense political, economic, and ideological benefits. First, by demonstrating an economy on the mend and delivering practical help, he could consolidate his congressional majority in 2010 as FDR did his in 1934, rather than suffering the midterm loss more characteristic of a new president. Second, by using large-scale anti-depression spending to rebuild affirmative government, Obama could restore the bond between taxpayer and valued public services. And third, these economic achievements, as narrated by an eloquent president, could create an ideological revolution. A managed form of capitalism would become America's majority philosophy once more. That, in turn, would give Obama the credibility to win the even more difficult structural reforms such as green energy and universal health care.

Lincoln declared, "With public sentiment nothing can fail; without it nothing can succeed." Much of what's urgently needed remains well beyond the bounds of accepted wisdom.

It will take presidential definition of the crisis to move public opinion to the point of embracing large-scale relief. In a deep economic crisis, expansive outlays that were unthinkable six months ago are suddenly barely adequate. But bringing about that change requires transforming presidential leadership.

The new administration faces several fateful choices. How much money should be spent in the initial stimulus package? How much of it should be tax relief versus new government outlay? How much spending should be deficit-financed? How big should a permanent increase in public outlay be? When should major reforms such as universal health insurance be attempted? Obama's answers to these questions will determine not just whether an immediate economic recovery is possible but whether he will be a truly transformative president.

HOW MUCH STIMULUS?

The emerging consensus calls for an initial stimulus of \$500 billion to \$700 billion. That seems huge—about 4 percent of gross domestic product. But forecasters now project a decline in GDP higher than that rate. Despite these dire risks, Republicans, along with some Blue Dog Democrats, still oppose large-scale deficit spending. In November, House Republican Leader John Boehner declared, "We're in tough economic times. ... More Washington spending isn't the answer." Congress will only be compelled to spend on an adequate scale if Obama is able to explain the stakes and build broad public support.

Since Nov. 4, the media has focused on the early New Deal. But the New Deal never cured the Depression. In the 1930s, Roosevelt's peak deficits were 5 percent to 6 percent of GDP, and he sandbagged his own recovery by pursuing budget balance in 1937. It took the more heroic government intervention of World War II, with deficits as large as 30 percent of GDP, to finally put the Depression behind us.

This time around, we will not need emergency mobilization at that scale (one hopes), but we could easily need deficit spending of 10 percent of GDP, or \$1.4 trillion a year for two years. Better initially to spend too much than too little, or Obama, like Hoover, could find himself chasing a depression downward.

TAX CUTS OR PUBLIC SPENDING?

Obama needs to deliver some tax relief, if only to keep his campaign promises. During the campaign, he promised middle-class tax cuts totaling nearly \$200 billion a year. But a \$1,000 tax rebate is puny if you've lost your job. The lion's share of stimulus should be public outlay. Economist Peter Morici calculates that a tax cut of \$100 billion produces a net economic stimulus of \$125 billion, when multiplier benefits are factored in, while \$100 billion of infrastructure investment has the far more potent eventual effects of \$350 billion. In a deepening recession, public spending delivers both more economic punch and more political benefit. Citizens once again experience the positive uses of government, not just the negative gains of government cutting taxes. The right has understood this better than the center-left—which is why conservative pundit Bill Kristol issued that famous memo urging Republicans to oppose the Clinton health plan “sight unseen.”

For starters, Washington should plug deepening shortfalls in state and local budgets, which could easily exceed \$100 billion in 2009. In a recession, every cut in a public service, every layoff of a public employee, is needless and perverse. The infrastructure backlog is estimated at \$1.6 trillion by the American Society of Civil Engineers. These basic outlays make the economy more productive, provide middle-class jobs that can't be exported, and over time will underwrite conversion to a clean-energy economy. It may begin as an emergency “stimulus,” but expanded public spending needs to be seen as an eight-year project to restore effective government to a valued role in the economy.

HOW MUCH DEFICIT?

During the worst phase of the downturn, annual deficits of 10 percent of GDP would raise the national debt held by the public from its present 40 percent of GDP to around 60 percent. That sounds huge but is modest by historical and international standards. After World War II, the public debt was over 110 percent of GDP. But that wartime debt recapitalized American industry, made America a world leader in science and technology, and retrained and re-employed a generation of American workers. As a result, that virtuous debt catalyzed a 25-year postwar boom—which was built on real rather than purely financial growth, and a period when income distribution actually became more equal. By the 1970s, that wartime debt was paid down; under Carter, the ratio of public debt to GDP bottomed out at about 26 percent. After 2010, once growth resumed, the debt ratio would similarly come down.

After basic recovery, most new domestic spending should be paid for by tax reform. Taxing millionaires and spending the money on public projects is stimulative even if deficit-neutral, because all the money gets spent and gets spent at home. The Internal Revenue Service has estimated a tax gap of at least \$300 billion in evaded but collectible taxes. Another \$100 billion to \$200 billion a year could be collected through a “Tobin

Tax” on short-term financial transactions, which is good policy in its own right. Raising tax rates in the top income brackets could produce another \$200 billion, only some of which would go for tax relief for the middle and bottom. Total net revenue gain: about \$600 billion.

TIMING THE STRUCTURAL REFORMS

Recapitalizing banks, getting credit flowing again, and preventing a deepening epidemic of home foreclosures can't wait. These reforms, like the stimulus, need to be done in the first six months. Otherwise, a wounded financial system will continue dragging the rest of the economy downward.

To brake the slide in housing prices, government needs to refinance distressed mortgages directly and not rely on voluntary bank refinancing. As it reforms the financial system with public funds, the government should start acting like an owner, putting public representatives on boards

and if necessary, replacing chief executives. If privately owned banks are too traumatized to resume lending, government may well need to nationalize a bank or two. That's far less radical than it seems. The Federal Deposit Insurance Corporation does exactly that when it takes over a failed bank, and typically operates the bank much more effectively than the ousted former managers.

When it comes to the auto industry, Obama and the Democrats are right to insist on a plan for restructuring the industry before giving the automakers more than interim relief. Rather than passively waiting for Detroit's plan, the new administration should be actively engaged in the planning. In 1941–1942, the entire auto industry retooled from civilian cars to tanks and planes. As part of Obama's bargain, the automakers could retool in 2009–2010 to produce clean, fuel-efficient cars. Massive government aid gives the administration the leverage to demand nothing less.

Obama should wait a year on comprehensive health reform. Expanded spending on children's health and increased public-health outlays should be part of the initial stimulus. But remaking the whole health system is the heaviest lift of all. If Obama gets this wrong, he will just add costs to an inefficient system, adding pressures to cut care in order to moderate cost inflation. It's far better to wait until he has built the political capital and popular support to do this right.

Like the health system, the private pension system is also collapsing. Economist Teresa Ghilarducci argues that it's time to declare the 401k experiment a failure and to provide reliable and universal pensions, funded by real pools of capital, as effectively a second tier of Social Security. This large reform will also have to wait a year or two.

Recovery must come first. I don't doubt Obama's incrementalist tendencies. But neither do I doubt his intelligence, boldness, and desire to succeed. The new reality demands that Obama think big and seize the moment. **TAP**

**IF OBAMA
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The Number-Cruncher-in-Chief

*When it comes to major policy reforms, cost matters.
Luckily, Obama's budget guru knows how to change the price tag.*

BY EZRA KLEIN

“**T**he history of health reform,” explains Sen. Ron Wyden of Oregon, “is congressmen sending health legislation off to the Congressional Budget Office to die.” That’s not the history you often hear. Budget analyses do not make for gripping headlines. Editors want heroes and villains, narrative arcs and telling anecdotes. They do not want numbers. They do not want bureaucracies. But numbers, and the bureaucrats who decide them, can be quietly decisive in whether major policy reform lives or dies.

In the coming years, no bureaucrat will be as decisive as Peter Orszag—the former director of the Congressional Budget Office who is now the head of Barack Obama’s Office of Management and Budget—and few bureaucracies will be as important as the CBO and the OMB. For every major policy and legislative fight, those organizations will decide the Number: the official price tag of a government program. And you can’t do anything without the Number.

The work of government is fundamentally the work of raising money and spending it. But the basic questions—how much money taxes will raise and how much money policies will cost—are unanswerable. Imagine the difficulty of trying to price out a health-care plan that only exists on paper. What medical technologies will emerge in coming years? Will there be a recession that forces more Americans onto government subsidies? Will doctors stop overprescribing antibiotics? Will the next flu season be a bad one? Enlightened bureaucrats can take their best guess, but it is only a guess. Even so, you need the Number. Without the Number, you can’t put together a budget. If you can’t put together a budget, you can’t run a government. So Washington operates atop a tacitly agreed-upon imprecision: The Numbers may be wrong, but they need to be accepted. Which means someone credible has to be responsible for them. In Congress, that someone is the CBO.

“In this town,” says Henry Aaron, a senior economics fellow at the Brookings Institution, “it’s not infrequent to hear people say it doesn’t make any difference what it really costs. It only matters what CBO says it costs.” It’s the world’s most consequential guessing agency. And over the past two years, Peter Orszag has been trying to ensure that it guesses in favor of health reform, rather than against it.

THE CONGRESSIONAL BUDGET OFFICE is the byproduct of a heated dispute between Richard Nixon and the 93rd Congress. Nixon wanted more federal money for defense than Congress was willing to appropriate. So he simply refused to spend the money Congress had earmarked for its own priorities. In budget lingo, he “impounded” it. By 1973, Nixon had held up about \$15 billion in spending. Congress was not amused, and it passed a bill called the Congressional Budget and Impoundment Control Act of 1974. The legislation outlawed Nixon’s gambit and, as a further gesture of disgust with the administration’s chicanery, vastly strengthened Congress’ institutional capacity to influence the budget.

Until then, Congress’ role in the annual budget was responsive. The president proposed, and Congress critiqued. In 1974, that changed. The bill created the Budget Committees, ensuring, for the first time, that Congress would build a yearly budget of its own, asserting its priorities directly. That meant Congress would need to determine the cost of its own programs. Thus, it created the Congressional Budget Office.

Alice Rivlin, now a senior fellow at the Brookings Institution, was the first director of the CBO. But it wasn’t an easy hire. “The Congress did something that was not very smart,” Rivlin says, “and that they never did again. They had two search committees for the director, one in the House and one in the Senate.” Rivlin was the Senate’s choice. The House preferred Sam Hughes, then the deputy controller at the Government Accounting Office. “The chairman of the House Budget Committee was a congressman from Oregon named Al Ullman,” Rivlin recalls. “And he was very committed to Sam Hughes, and I think rather sexist. He said over his dead body was a woman going to run this organization. People said things like that in those days.”

A months-long standoff ensued, with the Senate refusing to back down from Rivlin, and Ullman refusing to let go of Hughes. “Finally it got settled in a very bizarre way,” Rivlin laughs. Wilbur Mills, the powerful chairman of the House Ways and Means Committee, became involved with an Argentine stripper named Fanne Fox. One night, the police pulled over Mills and Fox for speeding. Fox fled the vehicle and jumped into the Tidal Basin. Mills still managed to win re-election the next year. But soon after, he was spotted stone drunk at Fox’s burlesque show, and the resulting uproar forced

him from Congress. Ullman ascended to chair of the Ways and Means Committee, and his successor on the House Budget Committee, Brock Adams, lacked his strong attachment to the CBO search process. Rivlin was confirmed.

It was an important personnel decision. Embedded in the standoff between the House and the Senate were two different visions of what the agency should do. The House wanted the CBO to focus almost exclusively on scoring policies and creating budget programs. “More number crunching,” Rivlin says. The Senate agreed but wanted the CBO to go further: Rather than acting as a passive producer of cost tags, the organization the Senate envisioned would use its considerable analytical expertise to help legislators build cost-effective programs that would, as Rivlin puts it, tell Congress “what the options are, what it would cost, and what [it would] accomplish.”

This small change in mission—allowing the CBO not only to evaluate programs but also make suggestions on their architecture—has given the CBO a quiet but firm influence on the congressional process. How much a bill costs is central to whether it gets enacted. And not just how much it costs but *how much the CBO says it costs*. The Number.

The CBO’s most famous—or infamous—intervention in a legislative battle was its estimate of the 1994 Clinton health-care proposal. “The major issue,” recalls Robert Reischauer, then director of the CBO, “was not how much it cost but whether the premiums that you were charged as an individual were governmental in nature and would thus be in the budget.” Reischauer and the CBO decided they were. The premiums paid by every American would be included in the Number. This meant the Number was *huge*—vastly larger than the price tag previously affixed to the proposal by the Clinton administration. Hearing the news, one senior administration official moaned to *The Washington Post*, “The Republicans will jump all over this and say we’re increasing the budget by 25 percent and putting through the biggest tax increase in history.” *The New York Times* editorialized that “the opponents of President Clinton’s health care bill think they have struck political gold in an analysis of the bill just released by the Congressional Budget Office.”

They were right. Donna Shalala, Clinton’s secretary of health and human services, called the ruling “devastating.” But through all of this, Clinton’s bill never changed. Nor did the amount individual Americans would pay. Only the Number changed. And it wasn’t an obvious decision that the CBO made. Indeed, even some of the CBO’s leading lights questioned the judgment. “In all honesty,” says Rivlin, who by that time was head of the White House Office of Management and Budget, “I wasn’t sure my colleagues had done it right. I mean there are mandated expenditures such as if you have to put a handicap ramp in front of your building. That’s a mandatory *expenditure*, but that’s not a *tax*.” But it didn’t matter. That was the Number, and it helped kill the bill.

The CBO, however, can help a congressman change the Number. The office can offer program analysis to guide congressmen toward more cost-effective policy options. The Clinton plan entered the CBO process late in its lifecycle and couldn’t be changed. But another model was on exhibition last May, when Sen. Wyden held a press conference to announce that his bill, the Healthy Americans Act, had undergone “preliminary analysis” by the CBO (and the Joint Tax Committee) and was found to be revenue neutral in two years and revenue positive in four. When his staffers passed out the analysis, it came with a sheet stapled to the back detailing changes to the legislation. Wyden, in consultation with the CBO, had rebuilt portions of the bill in order to achieve the Number he needed. And he got it. “It was extremely valuable for our efforts to have [such a favorable] CBO score,” he told me.

This process is informal but important. “We’ve always tried to be pretty open with staff,” Reischauer says. “CBO won’t commit to anything, but they’ll offer helpful advice, and they’ve always tried to do that. They’ve probably gotten better through time. At the beginning of CBO, there wasn’t a lot of communication with congressional staff. There did seem to be an element of gotcha. They’d send a bill, and we’d nail them.”

**FROM HIS PERCH
AT THE CBO,
ORSZAG HAS
BEEN ARGUING
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REFORM. THIS
IS SURPRISINGLY
SUBVERSIVE.**

PETER ORSZAG TURNED 40 in December, and he looks 10 years younger than that. He has black hair, clear glasses, and pointed ears that lend his face an elfish quality. He’s a country music enthusiast, and he has a sly sense of humor: He once quoted an Oliver Wendell Holmes poem in the footnotes to a CBO analysis of infrastructure spending, because David Brooks complained that budget analysis lacked sufficient “romance.”

Orszag made his name in the late years of the Clinton administration as a hotshot staffer for the Council of Economic Advisers. He was soon tapped to run the Hamilton Project, which was understood by most to be former Clinton Treasury Secretary Robert Rubin’s government-in-exile. He is, in other words, a member in good standing with D.C.’s economic elite. It’s the sort of background usually associated with self-appointed wise men who advise that fiscal responsibility requires that we cut Social Security benefits, means-test Medicare, and limit our ambitions to expanding children’s health insurance. Orszag, however, has been leveraging his establishment credentials to wage a quiet war on this limited vision of “fiscal responsibility.” In 2005, he was a key economist in the fight to protect Social Security against George W. Bush’s privatization scheme. In December 2006, he was nominated by a bipartisan search committee to direct the Congressional Budget Office, replacing the outgoing director, Doug Holtz-Eakin.

From his perch at the CBO—which is to say, as one of the few individuals charged with safeguarding the federal budget—he’s been arguing that fiscal responsibility means, above all, serious health-care reform. This is a surprisingly subversive point.



Peter Orszag,
head of the
White House
Office of
Management
and Budget

it became common for columnists and news anchors to argue that the presidential candidates would have to trim their agendas in response. At the first presidential debate in Mississippi, moderator Jim Lehrer asked, “What are you going to have to give up, in terms of the priorities that you would bring as president of the United States ... to pay for the financial rescue plan?” A few weeks later, at the third presidential debate, moderator Bob Schieffer said, “We found out yesterday that this year’s deficit will reach an astounding record-high \$455 billion. Some experts say it could go to \$1 trillion next year. Aren’t you both

Fiscal responsibility has come to mean something very specific. As Robert Samuelson wrote in a *Washington Post* column last October, we face a “heavily mortgaged future,” and the only answers are to reduce Social Security and Medicare costs. And you can do that in three ways: “Increase eligibility ages; trim benefits; and require recipients to pay more for their Medicare benefits (higher premiums, co-payments or deductibles).” The problem, in other words, is overly generous spending. And the answer is austerity.

In testimonies, speeches, and blog posts (yes, he kept a blog at the CBO), Orszag has emphatically rejected that premise. He says that comprehensive health reform is the “key to our fiscal future.” He says that Social Security is not the problem and neither are the baby boomers. The impact of aging is only a small slice of the increase in health costs. The real driver is technology: We spend more because we’re buying more expensive stuff. Left unchecked, this trend will eventually consume the federal government, with federal spending alone growing to 37 percent of gross domestic product by 2050. The answer is to reduce health-care costs, but you won’t get there by cutting benefits. The political system isn’t set up for that.

Orszag, however, sees another path. He emphasizes a striking chart from the Dartmouth Atlas Project that shows that spending on Medicare beneficiaries varies by tens of thousands of dollars across the states but that *higher spending is not connected to better outcomes*. Spend more, get the same. In this, he says, there is a substantial “embedded opportunity” to reduce costs without reducing the quality of care. “There is a huge amount of care that is provided that is unnecessary,” Orszag says. “The Dartmouth folks say as much as 30 percent, others say between 15 percent or 10 percent, and fine, that’s huge. The question is how we get out of that.”

As the bailout was winding its way through Congress this fall,

ignoring reality? Won’t some of the programs you are proposing have to be trimmed, postponed, even eliminated?”

But Orszag was having none of it. “Many observers have noted that addressing the problems in financial markets and the risks to the economy may displace health care reform on the policy agenda,” he wrote on his blog. Orszag went on to argue that rising health costs threaten the nation’s very solvency. If they continue to grow, investors will no longer be willing to buy Treasury bonds at low rates. And if that happened, the government would lose its ability to mount the sort of costly rescue operations that have kept this crisis from turning into a calamity. “So if you think the current economic crisis is serious,” concluded Orszag, “and it is, imagine what it would be like if we didn’t have the ability to undertake aggressive and innovative policy interventions because creditors were effectively unwilling to lend substantial additional sums to the Federal government.”

Behind Orszag’s economic jargon was a startlingly aggressive message. He was essentially accusing those who would delay health reform of bringing a Zippo and a can of kerosene to the federal budget. “I have not viewed CBO’s job as just to passively evaluate what Congress proposes,” he tells me shortly before his appointment to the OMB, “but rather to be an analytical resource. And part of that is to highlight things that are true and that people may not want to hear, including that we need to address health-care costs.” Orszag also quietly worked to make the CBO a more surefooted ally of those who would attempt health reform. This meant beefing up its analytical capabilities on the issue by adding 20 full-time health analysts (bringing the total number to 50) and aggressively reorganizing the division’s management structure so more experienced supervisors are overseeing the health-policy analyses. It also meant addressing the CBO’s occasionally dysfunctional relationship with Congress.

Thinking back to the furor over the Number on Clinton's health-care plan, Orszag says, "I think there were two things about that decision. One was the decision itself, which was viewed as being the final nail in the coffin. The second was that it was a surprise. It may well still be the case that you, senator, or you, congressman, don't like the answer we give. But we can try [to] make sure you're not surprised by it."

Erasing the element of surprise means ripping the curtain back from the CBO's scoring process. "The goal is to provide more guidance to policy makers," Orszag says. "When I took office, one of the complaints that people had was that the CBO process was like a game of Battleship. They'd say 'A14,' and we'd say 'hit!' And they'd say 'B42,' and we'd say 'miss!' And they had no idea why. So I'm trying to take that shield down and provide a bit more information on what the dials are." That impulse lies at the heart of two books of health-care policy options the CBO released in December. The books will serve as a guide to the assumptions the CBO will build into its health-care scoring model. They will be how-to guides, in other words, for achieving the perfect Number.

IF THE CBO WAS FORMED TO strengthen Congress' hand on the budget, the Office of Management and Budget is the president's weapon—not just against Congress but against the federal bureaucracy. The OMB predates the CBO, and in many ways, served as its precursor. But under Ronald Reagan, the OMB became more than a simple budget analysis agency: It became the vehicle by which the executive wielded authority over all the elements of the federal government that he could affect without congressional approval. With the help of OMB Director David Stockman and a few executive orders, Reagan used the office not only to radically restructure the federal budget but to act as the government's regulatory gatekeeper. The OMB's Office of Information and Regulatory Affairs (OIRA), which was established a month before Reagan's inauguration, assumed additional powers and was soon "reviewing" 2,000 to 3,000 regulations a year. (By contrast, OIRA only reviewed 500 to 700 regulations a year under Bill Clinton.) It was an arrogation of power so sweeping that a nonprofit organization called OMB Watch was formed just to, well, watch it, which is what it does to this day.

But Stockman's efforts also discredited the OMB as a neutral source of budget analysis. When Stockman plugged Reagan's tax-cut proposal and defense-spending increases into the OMB's economic model, the computer projected yawning deficits. So Stockman reprogrammed the computer. The new model deployed the absolute cutting edge in supply-side fantasizing. Reality disagreed, and the expected deficits quickly manifested. The lesson most observers took was that the OMB, by virtue of serving a single master (the president), is more vulnerable to politicization than is the CBO, which serves the

many masters of Congress, even though the CBO's director is effectively appointed by the majority party.

If the OMB's analyses aren't sacrosanct outside the executive branch, however, the agency is still responsible for the Number inside the executive branch. The president must propose a budget to Congress, and that budget must be built out of the priorities and recommendations of dozens of competing agencies. The OMB assesses the cost of all those items, giving each its Number, and makes recommendations to the president on which to choose. In that, it differs sharply from the CBO. The CBO's influence on policy is indirect, as members of Congress

work to understand its guessing formula and construct their bills accordingly. But the CBO never makes recommendations among competing options. A chairman cannot ask the director to identify the best path forward. Conversely, the OMB, and its director, offer explicit advice to the president. If the CBO is like using the software Quicken to better understand and manage your finances, the OMB is like a financial adviser who simply tells you what to do with your money. "Some OMB budget directors might meet every morning with the president," says Reid Cramer, a former OMB analyst. "It's a very inner-circle position."



ORSZAG MADE THE CBO A MORE SUREFOOTED ALLY OF THOSE WHO WOULD ATTEMPT HEALTH REFORM. AT OMB, HE WILL BE IN A POSITION TO OFFER EXPLICIT ADVICE TO THE PRESIDENT.

ON NOV. 25, BARACK OBAMA held a press conference to announce that Orszag would be leaving the CBO and ascending to that inner circle. The promotion came because of, not in spite of, Orszag's crusade on behalf of health reform. "Peter has been one of our nation's leading voices on budgetary issues," Obama said. "As director of the Congressional Budget Office, he re-energized and reinvigorated the agency, while shifting its focus to confront the health-care crisis that is not only a cause of so much suffering for so many families but a rapidly growing portion of our budget and a drag on our entire economy."

Implicit in the announcement was that the elevation of Orszag represents a rare opportunity to align two of the government's most powerful agencies in service of major reform. "Peter doesn't need a map to tell him where the bodies are buried in the federal budget. He knows what works and what doesn't, what is worthy of our precious tax dollars and what is not," Obama said. Orszag knows, in other words, how the CBO will make its guesses. Thus, he can advise Obama on how to construct the legislation most likely to pass unscathed through the CBO's scoring process.

"It is said that a nation's budget reflects its priorities," Obama continued. "I believe that is true. And I know that Peter will bring to his work at the OMB a set of priorities that I—and the American people—share." If Orszag can make Congress share those priorities, too, that will indeed be a story worthy of the headlines. It will even have a hero. **TAP**

REVITALIZING DEMOCRACY

**A new generation
of reformers looks
beyond election
procedures to the
whole political
system and
draws on its
strengths
to fix its
weaknesses.**

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A 21st-Century Agenda for Democratic Renewal

We stand on the threshold of a new age of democratic potential. Here's how to harness it.

BY BOB EDGAR

The 2008 elections in many ways showed that American democracy is still alive. Millions of voters volunteered for or donated to their favored candidates. Thanks to a free, open, and vibrant Internet, we could all tap an amazing wealth of viewpoints and news sources on the election, fact-check the debates and attack ads, and join the dialogue. Finally, on Election Day, almost 130 million of us—the highest turnout in 100 years—came out to vote, many of us waiting in poll lines for hours. When challenged, we held our ground and called on thousands of election-protection volunteers to protect our right to vote.

After years of frustration at seeing wealthy special interests corrupt and hijack our government, we stand on the threshold of a new age of democratic potential. We have won the opportunity to reinvent American democracy in ways that will break the stranglehold of big money, enable us to tackle the enormous challenges of the 21st century, and give Americans the open, honest, and accountable government we deserve.

But opportunity is only that—a chance. The challenges that we face are large, and those who oppose change are powerful. We are experiencing the worst global financial crisis since the Great Depression, with thousands of families losing their homes and jobs with each passing week. Millions lack access to affordable health care, and soaring energy prices have eroded our incomes. Our sons and daughters are fighting two wars, domestic security remains a

serious concern, and the impact of global warming is beginning to hit home.

Now is the time to fundamentally restore and remake our democracy in order to address these huge governmental challenges. This will not be done by a single campaign-finance law or simply by repairing voting machines. It calls for a comprehensive, forward-looking agenda with four major components:

1. Change the way America pays for elections. An election-eve poll found that 70 percent of voters believed the influence of large campaign contributions were a major factor in today's economic crisis, and that 77 percent believed that large contributions will prevent Congress from finding solutions to such challenges as health care, the economic crisis, energy independence, and global warming. The experiences of this election have made clear that we need a next-generation campaign-finance system that limits its public funds in order to amplify the voices of small donors, while enabling candidates to run vigorous campaigns without relying on large contributions. President-elect Barack Obama is a strong proponent of public financing, and with him exists a real opportunity to change the way America pays for elections by putting a premium on grass-roots participation and greatly reducing the undue influence of big money.

2. Guarantee the right to unfettered participation in fair and secure elections. While this election experienced fewer problems than the previous two national elections did, it underscored once again basic weaknesses in our voting systems, including unacceptable obstacles to voter registration, challenges at the polls, and unreliable and inadequate voting systems. America needs universal registration, verifiable voting, nonpartisan administration of elections, and uniform protec-

tion against challenges and intimidation aimed at suppressing the vote. Federal and state reforms should ensure that all eligible voters can cast their ballot freely and that all votes are counted accurately.

3. Restore transparency and accountability to the operations of government. At this high-stakes moment, as we face historic decisions on the economy, health care, energy, and the environment, it is imperative that the public has access to information and that the decision-making process is transparent. Disclosure of electronic records, diversity in media, open decision-making in government, and "net neutrality"—the principle that Internet users should be able to use the Web freely, without restrictions imposed by service providers—are all essential elements of a broad conception of democracy.

4. Restore the Constitution. It's been a rough eight years for "we the people." We've seen our nation led into a war based on false premises and cynical half-truths. We've watched our good name be disgraced by torture, secret prisons, and profiteering. The Constitution has been ignored and laws violated. As a result, America is less free and less secure. But voters have spoken for change. The new Congress and administration must work to restore the rule of law, the separation of powers, and the respect for human rights and the Constitution.

We need more than just a government that enacts sound policies. We need a democracy capable of building broad and resilient support for the changes, sacrifices, and disruptions that are inevitable, and we need to rebuild the structures of democracy that hold power accountable, especially for the poor, the powerless, and the voiceless. **TAP**

Bob Edgar is the president and CEO of Common Cause.

PUBLISHER George W. Slowik Jr.
SPECIAL REPORT EDITOR Mark Schmitt
CONSULTING EDITOR Larry Marx
DIRECTOR OF EXTERNAL RELATIONS
Dorian Friedman, (202) 776-0730 x111
SUBSCRIPTION CUSTOMER SERVICE
1-888-MUST-READ (687-8732)
SUBSCRIPTION RATE \$24.95

A Broader Definition of Democracy

Small reforms won't bring the system-wide change we need.

BY LARRY MARX

"Over the last several years, the race for money and influence and power has left the hopes and concerns of most Americans in the dust. All you see from Washington is another scandal or petty argument. And so we get discouraged. Half of us don't vote. The half of us who do vote are voting against somebody instead of voting for something. We know what fills the void: the lobbyists, the influence peddlers with the cash and connections. ... They write the checks, and you get stuck with the bills."

At the 2007 Take Back America Conference, Barack Obama offered a thorough explanation of the challenges to American democracy. Now we have a political opening, a historic opportunity to improve our democracy and reverse the cycle Obama described. This opportunity is not simply or even primarily because of Obama's evident talents or because an African American president will help heal our nation's original sin. Rather, it is the result of a long shift in the tides after the low point of voter suppression and public disenchantment in recent years.

From 2004 to 2006, the political momentum was with those forces pushing for greater restriction of democracy. The wave of voter-identification laws proposed in state after state and upheld in court were but one example. Somewhere in mid-decade—perhaps beginning with the Jack Abramoff scandal and continuing on through the Bush administration's overreaching in firing and hiring U.S. attorneys and manipulating research results by the Election Assistance Commission for partisan ends—the trend reversed. The 2008 election was an affirmation that there is a political opening to resume and win a pro-democracy agenda. In the past two years, Iowa and North Carolina passed Election Day registration; Florida and Rhode Island restored enfranchisement to many ex-felons; instant run-off voting passed in Minneapolis and Oakland; and public financing of some statewide political campaigns passed in North Carolina and advanced in

Iowa, Maryland, New Mexico, and Alaska.

The Obama administration will accelerate this trend because the new president (and former organizer) understands that democracy requires a demos. This understanding corroborates the conclusion of a year-long "Democracy Agenda" research project that I led for the Proteus Fund together with other pro-democracy reform funders. That project found that democracy is best understood using systems analysis as a complex set of relationships with institutional, cultural, and procedural dimensions. Democracy includes the executive branch as well as the civil-rights movement; poll workers and voting machines as well as the maldistribution of opportunity created by the allotment of wealth; lobbyists' and corporations' influence over public policy as well as civil-society institutions based in communities, labor unions, and identity- or issue-based groups. Many factors help and hurt our democracy.

In order to sustain the increased participation of citizens, the Obama administration as well as Congress and state governments must undertake a major reform effort, one that's interconnected and self-reinforcing. This is not just good policy, it is good politics; it's not just right, it's smart—it's an approach that is very much in the self-interest of the new president and the expanded Democratic majorities in Congress. The Obama campaign first proved in the 2007 Iowa caucuses that the usual political calculations can be upended by virtue of expanding who's involved. High levels of citizen participa-




tion will help a nascent progressive majority's power to be felt, both in enacting a substantive policy agenda and in winning future elections.

The components of a "pro-democracy" reform agenda can be classified in nine categories:

■ **Active, everyday citizen participation and organizing:** Shared governance and deliberative democracy can improve governmental decisions and ensure popular satisfaction with outcomes; card-check elections for unions and other labor-law reforms can empower workers; changes in the tax code would facilitate community organizing. These reforms, which give people access to the tools of self-governance for the decisions that affect their daily lives and which include a revitalization of civic education in schools, are essential.

■ **Civil rights and voting rights:** Immigrants' rights should be seen as central to a vibrant democracy, along with reforms such as the establishment of Election Day as a holiday, felon re-enfranchisement, a national right to vote, voting rights for the District of Columbia, and ballot accessibility for people with disabilities and for language minorities.

■ **Structural voting alternatives:** A priority is redistricting reforms to ensure that constituents have their choice of representatives, rather than that incumbents choose their constituents. Citizens should



have a greater role in drawing up districts, which should be sensitive to minority representation and enhanced competition for entrenched incumbents. This agenda also includes the national popular-vote compact to effectively short-circuit the Electoral College without requiring a constitutional amendment, and instant runoff voting to rank voter choices in order of preference without worrying about wasted votes or spoiling the results. More local reforms would include experiments with proportional representation or Illinois' former "cumulative" district voting for the state legislature.

■ **Ballot access:** "Fusion" voting, as in New York state, allows candidates to run on more than one party's ballot line at a time (as both a Working Families and Democratic Party candidate, for instance). This advantages competition on issues and positions otherwise left out of our party duopoly, again without marginalizing candidates as wasted or "spoiler" votes.

■ **Election administration:** As proven in every presidential cycle since the Florida debacle in 2000, proper machines and voter-verified paper trails are essential to a fair vote. Voter registration should be universal and automatic. The Election Assistance Commission needs effective, nonpartisan leadership, and we need to improve recruitment and training of poll workers and ensure fair distribution of election resources in low-income precincts.

■ **Campaign-finance reform:** Numerous efforts at partial reforms have been made since Watergate, including reporting and disclosure, the regulation of soft money and political action committees, and public financing for the presidential general election. But the most promising approach is a comprehensive effort not to block money but to incorporate it as a positive force in the system through public financing that encourages low-dollar donors.

■ **Media reform:** Access to reliable information is understandably a precondition for self-governance. This area of pro-democracy reform includes maintenance of Internet neutrality, free airtime requirements for candidates and public-interest obligations in exchange for licenses.

■ **Ethics:** A new era of independent enforcement of ethics rules in Congress should go along with banning deceptive campaign practices that misdirect voters regarding the voting process, and other voter-suppression tactics.

■ **Governing rules and processes:** Money has an especially corrosive role in judicial elections, and public financing of campaigns would protect judicial independence. Open meeting laws, electronic transparency, freedom of information, and citizen-participation mechanisms also fall into this category.

Pro-democracy reform efforts are typically defined by the attachment that particular organizations, funders, or elected officials have to a single piece of this agenda, in which each patron champions his or her own particular, signature reforms. But without using a systems approach, research shows that pro-democratic reforms most often fail, for predictable reasons.

Advocates for a particular reform have an understandable tendency to exaggerate that reform as *the* answer to fixing our democracy, in order to amass enough political support for their cause. The McCain-Feingold campaign-finance law and the Help America Vote Act, both passed in 2002, fit this model. Not only do inevitable disappointments arise, but this nonsystemic approach often squanders the energy and activism of a political base. Instead, there needs to be a political movement for a continuum of change, an escalation of improvements.

Nonsystemic reforms also risk unintended consequences. We see this in partial campaign-finance efforts, which just displace the influence of our wealthiest citizens into new outlets. We also see it in the legacy of efforts to topple corrupt urban political machines at the turn of the last century, where new laws requiring registration were passed and new bureaucracies were created for election administration. The ensuing obstacles to voter participation have produced one of the lowest voter-participation rates of any democratic country in the world.

Reforms that merely address the convenience of voting—such as early voting, voting by mail, absentee balloting, and Internet voting—may stimulate turnout,

but they do not get nonvoters to participate. That further skews the voting population toward upper-income, better-educated, older, and white people—rather than fostering a more representative voting population.

In well-intended efforts to position pro-democracy reforms as nonpartisan, reformers often strip these process reforms of any hint that they would affect the outcomes we actually care about—for example, public decisions around jobs and the economy, health care, energy and the environment, war and peace. Consequently, reform efforts are often hobbled by a lack of troops, too easily ignored by elected officials, and too conditioned by a small number of reform professionals demanding more democracy for "the people" (other people). As Obama adviser and George Washington University law professor Spencer Overton told me in an April 2007 interview, "Ultimately, we need a much more 'small d' democratic, much less 'expert based' decision-making paradigm. Common Cause and other organizations have gotten less and less participatory with the grass roots and more and more reliant on experts and inside strategies."

It is difficult to find and sustain a political base for pro-democracy efforts without fusing the procedural issues people rarely care about with the tangible issues that matter intensely to our daily lives—such as how campaign-finance reform is connected to who pays and who avoids taxes. This works both ways: Data shows that increasing inequality of wealth, education, and access to health care reduces democratic participation and in turn leads us to feel that we have no power to influence the decisions affecting our quality of life. To get large numbers of people demanding a pro-democratic reform agenda, bills and coalitions on process must be coupled with improvements in substantive issues. That coupling advantages *both* ends of the democratic equation, process and outcomes.

Even though there are no silver bullets for the problems plaguing our democracy, some leverage points are more effective than others at catalyzing system-wide change. Tweaking various processes is an inherently weaker approach than attempting to transform the system holis-

tically, although such a broad approach raises the legislative challenge. The greatest leverage point is working to shift the underlying assumptions out of which the system arises. If the Obama administration begins to govern with transformational, pro-democratic reforms, it can begin to shift the paradigmatic principle of politics in the past three decades: To use a phrase first popularized by the economist Jared Bernstein, it's the shift from the "you're on your own" society to "we're all in it together."

Most other industrialized countries place a communal responsibility on the government to ensure people's right and opportunity to participate in democracy. In those countries, the onus is on society as a whole to reach out, encourage, and create citizenship. Just as we've come to see the absurdity of asking people to supply their own ballots to use at the polls, which is how elections were conducted in the U.S. until the mid-19th century, we must now see the absurdity of a system that fails in the 21st century to underwrite and take responsibility for organizing the public. The administration, Congress, and in some cases states can unleash an engaged citizenry in serious, transformational change of our democracy by working on four areas of reform that would begin to shift the whole system:

■ **Shared governance:** From Porto Alegre, Brazil, to Portsmouth, New Hampshire, community organizations and broad numbers of people are brought directly into government decision-making. This builds on but goes far beyond the approach of increasing disclosure and transparency of information as well as approaches that allow one-way public input to government. New technology makes national-scale shared governance possible on a variety of issues in an unprecedented way, as groups like Everyday Democracy and *AmericaSpeaks* are showing. Federal revenue sharing with state and local governments could be tied to their meeting certain minimum citizen-participation standards, as could federal departmental budget allocations or even congressional earmarks. Increasing citizen participation without changing the reward

structure for decision-makers in our current system means only increased threat and constraint, inviting resistance and sabotage. Instead we need to harness the existing partisan interests and self-interest in our current system on behalf of transformational changes that increase citizen participation.

■ **Universal, automatic voter registration:** Presently, the default responsibility falls on individuals to affirmatively opt in to the electorate and to jump over whatever barriers are placed in their way. In most other countries, the default responsibility to register voters falls proactively on the post office or Department of Motor Vehi-

Pro-democracy efforts must fuse routine procedural issues with the tangible issues that matter intensely to our daily lives.

cles. Citizens can always choose to opt out or to exercise their right to *not* vote. Such a system could attract bipartisan support if it made it both harder to cheat and easier to vote, channeling Republicans' interest in preventing fraud and Democrats' interest in expanding participation. At the same time, it would help establish the new paradigm that voting is a right, not a privilege. That shift helps usher in a cascade of other salutary reforms over time, including re-enfranchisement for ex-felons, voting rights for the District of Columbia, and other systemic reforms.

■ **National right-to-vote standards:** We have 4,600 different election districts in the U.S., all at the local level, making it at least difficult if not impossible to comprehensively address the problems in election administration. *Bush v. Gore* (2000) confirmed that, despite the 14th and 15th Amendments, there is no national, constitutionally guaranteed right to vote, and states define and enforce the right as they see fit, with only a few practices, such as poll taxes, clearly prohibited. One way to improve those state policies is to score them and encourage states to move up in the rankings, an idea recognized by Obama and his former Senate colleague Russ Feingold when they introduced the Voter Advocate and Democracy Index bill

in March 2007, based on Yale Law School professor Heather Gerken's proposal (see p. A6). National standards are also useful, such as a national holiday for certain elections or Congressman Jesse Jackson Jr.'s proposed constitutional amendment establishing the right to vote, from which other reforms would flow.

■ **Public and small-donor financing of elections:** Wealth should not determine who runs or who wins elected office, but limits-based strategies of campaign-finance reform, designed to keep money out of the system, haven't worked and never will. Shifting the reliance of candidates from private funding to public

financing is the way to go, as the successful and popular systems in Maine, Arizona, and New York City have proved. The key is to figure out how to best match outside parties' independent expenditures so that publicly funded or small-dollar candidates won't face a disadvantage. Obama particularly has a responsibility to now replace the old, broken presidential campaign-finance system with the kind of reform regime he co-sponsored for congressional elections with his former Illinois colleague Sen. Dick Durbin (the "Fair Elections Now Act").

Any or all of the above reforms represent a start on changing the paradigm of our current system of democracy. When packaged together with substantive issues, not just rhetorically but also legislatively, it represents a winning formula for broad change. The political moment brought a mandate for dramatic change on health care, climate change, and the economy. We should be no less ambitious when it comes to the democratic system on which these reforms depend. **TAP**

Larry Marx is executive director of the Donor Collaborative of Wisconsin. He served as co-executive director of Citizen Action of Wisconsin and as a program officer for the Proteus Fund.



The Case for Keeping Score

A democracy index could push states toward more ambitious electoral reforms.

BY HEATHER K. GERKEN

In 2000, Americans finally learned what Roy Saltman calls “election administration’s family secret”: Our election system is run badly. Election problems prevented us from learning the identity of our 43rd president until weeks after the election. Things got so bad that Fidel Castro, admittedly a man not cursed with self-awareness, offered to send election monitors to Florida. We were an international laughingstock.

Eight years later, too little has changed. On Election Day, we saw the same problems we saw in 2000 (and 2004): long lines, registration problems, a dearth of poll workers, discarded ballots, machine breakdowns. The only difference is that this election wasn’t close enough for those problems to matter. The system remains chronically underfunded and poorly run.

Our system is resistant to change because of an unusual combination of localism and partisanship. Unlike most developed democracies, state and local officials run our elections, leading to what one scholar has termed “hyper-decentralization.” Many of those local officials have strong partisan ties. At worst, officials administer elections in a partisan or unprofessional fashion. At best, they have few incentives to invest in the system and lots of reasons to resist reform.

The problem is hardly insurmountable. But we need to align the interests of politicians with the interests of voters. We need to give local officials a reason to pay attention.

Creating a democracy index—an idea that President-elect Barack Obama and Sen. Hillary Clinton have both included in proposed legislation—would be a useful first step. Such an index would rank states and localities based on how well they run elections, functioning like the *U.S. News and World Report* rankings for colleges and graduate schools. It would focus on

issues that matter to all voters: How long did you spend in line? How many ballots got discarded? How often did voting machines break down? The index would tell voters not only whether things are working in their own state but how their state compares to its neighbors.

By providing the right information in the right form, a democracy index has the potential to create an environment that is receptive to change. Reformers can take it from there.

REFORM IS A NOTORIOUSLY crisis-driven industry, and there have been plenty of crises to put election reform on the legislative agenda. The public is well aware that we have a problem, and the cause—improving our democracy—should appeal to all. Yet we’ve made very little progress in fixing our election system since 2000. Even the Help America Vote Act, Congress’ response to the 2000 crisis, was relatively toothless. While the act provided much-needed funding for machines and made some modest changes to the balloting process, it addressed only the symptoms of the Florida debacle, not its root causes: inadequate funding, amateur staffing, and partisanship.

As the last eight years make clear, we have a “here to there” problem in election law. We know what’s wrong with our election system (the “here”) and have lots of ideas about how to fix it (the “there”). But we haven’t figured out how to get from here to there—how to create an environment in which reform can actually take root. Reform advocates work tirelessly to help specific projects blossom. But they are fighting this battle on difficult ground, and almost no one is thinking about how to change the terrain itself. We’ve spent too much time identifying the journey’s end and not enough time figuring out how to smooth the road that leads there. The

first step in fixing our election system is solving the “here to there” problem.

A democracy index would help us get from “here to there” because it harnesses politics to fix politics. Most reform proposals ask politicians to ignore their self-interest and do the right thing. Little wonder they haven’t got much traction. The index, in contrast, would work with political incentives, not against them. By exposing the flaws in the system, it ought to unleash a new political dynamic, one that pushes toward rather than against reform.

The main reason that political incentives currently run against change is that election problems are largely invisible to voters. While problems in our voting system occur with regularity, voters become aware of them only when an election is so close that they affect the outcome, as with Florida’s hanging chads in 2000. That’s like measuring annual rainfall based on how often lightning strikes. As a result, voters have only a haphazard sense of how well the system works and no comparative data to tell them which states are run well and which are run poorly.

The invisibility of election problems reduces the incentives for even reform-minded policy-makers to invest in the system. States and localities in a federal system are supposed to compete to win the hearts and minds of citizens. But they will only compete along the dimensions that voters can see. When election problems are invisible, localities will invest in projects that voters can readily observe—roads, new schools, cops on the beat.

Even when election problems become visible, voters still find it hard to hold anyone accountable. That’s because debates over reform are inaccessible to them. Fights over registration systems or the balloting process involve a sea of incomprehensible detail that would

try the patience of even the wonkiest voter. Reformers point to a problem—an inadequate registration system, outdated machinery, a poor system for training poll workers—and argue that the state can do “better.” Election officials respond by talking about regulations issued, resources allocated, and staff trained. Reformers talk about discarded ballots or unregistered voters. Election officials assure us these numbers are normal.

For voters, these debates are reminiscent of that famous *Far Side* cartoon about what dogs hear. The clueless owner prattles away to his pet, and essentially all that the dog hears is “blah, blah, blah, Ginger, blah, blah, Ginger, blah.” So what do voters hear when reformers and election administrators go at it? A stream of technical details, occasionally punctuated with grand terms like “the right to vote” and “democracy.”

VOTERS ARE NOT STUPID. But none of us is born into the world with a strongly held intuition about whether direct-recording electronic (DRE) voting machines are a good idea or whether provisional ballots should be counted only if they are cast in the correct precinct. Voters need a yardstick to help them figure out who is right.

In a world where voters don’t have a yardstick for judging fights over reform, election officials have few incentives to improve. Think about the state’s chief election official, usually the secretary of state, a position that is often a stepping stone for higher office. In a world where voters have no means of gauging how well the system is working, what matters most for the many secretaries of state who want to run for higher office is political support, not professional performance. The fate of a secretary of state depends on her standing within her party, which will provide the support for her next campaign.

The current state of affairs creates the wrong kind of incentives for secretaries of state (and the many elected officials serving below them). They may be tempted to administer elections in a partisan fashion. At the very least, these officials are under intense pressure not to lobby legislators from their own party for much-needed resources—it’s the rough equivalent of

airing one’s dirty laundry. Nor are elected officials likely to be successful in lobbying for resources from members of the other party. Why, after all, would you want to give a potential star from the other party a leg up, especially if voters won’t ever hold you accountable for starving the election system of funds?

By making election problems visible and giving voters a yardstick for judging reform fights, a democracy index should alter the incentives of secretaries of state and legislators alike. A democracy index would not only let voters see the problems that routinely occur but cast those



Voters are not stupid. But they have no data to tell them which states’ elections are run well and which are run poorly.

issues in explicitly competitive terms. By ranking states and localities against one another, the index should shame election officials into doing the right thing.

The index would also help voters do a better job of refereeing reform debates. Rather than relying on vague assertions that we could do “better” or allowing voters to get bogged down in technical details about how the ideal system would be run, the index would give voters information on something they can evaluate: bottom-line results. It also would present the data by distilling it into a highly intuitive, accessible format: a ranking. Moreover, because the index grades election systems “on a curve”—measuring them against one another instead of against some ideal standard—voters could feel

confident that they were rewarding those who have succeeded while holding those on the bottom rung to a realistic standard of performance.

If the democracy index provides voters with a useable yardstick, it ought to generate a new political dynamic that is more receptive to reform. Imagine, for instance, what would have happened to Kenneth Blackwell, the much-criticized Ohio Republican secretary of state who ran for governor in 2006, if his opponent could have shown that Ohio was one of the worst-run election systems in the country. Surely the Democrats would have trumpeted those results. You can also be sure that secretaries of state across the country would take notice of that campaign. The democracy index would push political parties to work for reform.

The democracy index is quite different from the usual reform proposal. It does not create national performance standards. It does not take power away from partisan officials. It does not even endorse a set of best practices for administering elections. Instead,

the index pushes in the direction of better performance, less partisanship, and greater professionalism. It does so not by trying to resist the fierce push against change generated by our political system’s twin engines—partisan warfare and local competition—but by harnessing partisanship and localism in the service of change. It is a modest reform that makes bigger, better reform possible. It will help us get from here to there. **TAP**

Heather K. Gerken, the J. Skelly Wright Professor of Law at Yale Law School, is an expert in election law. Her book on election reform, *The Democracy Index: Why Our Election System is Failing and How to Fix It* (Princeton University Press), comes out this spring.

More Than the Vote

Being a citizen should involve active participation in the governance process.

BY STUART COMSTOCK-GAY AND JOE GOLDMAN

Democracy, it has been said, is something a nation *does* rather than something it *has*. If that's true, Americans did a remarkable job of democracy this year. More than 130 million Americans voted, more than have ever done so in our nation's history. More Americans made contributions to campaigns than have ever done so before—over 3 million of them to the Obama campaign alone. The numbers of volunteers for the many campaigns are hard to count. But there's no doubt that the candidates—Barack Obama, Hillary Clinton, Ron Paul, Mike Huckabee, and even vice-presidential candidate Sarah Palin—inspired thousands to get involved.

The question is, what next? It will be tempting to pat ourselves on the back for being good citizens and to turn our attention quickly away from the electoral process toward the pressing questions of the economic crisis, health care, and national security. But for people who care about the health of our democracy, this is a moment to seize and to understand. Without a sustained effort, 2008 could easily be a one-time miracle. This year's unprecedented turnout and extraordinary excitement were the result of exceptional circumstances. One (the first African American nominee of a major party) is unrepeatable. Another (a record-breaking level of public disapproval for the direction the country is heading) we hope won't be repeated. A third (the insistence of both the electorate and the media that the campaign stay focused on real issues) cannot be taken for granted.

Beneath the surface, American democracy is still in trouble. Some of its problems were strikingly evident in this election. Lines at some early voting sites and on Election Day lasted four, five, six hours, and longer. Some people turned away and presumably never did vote. Untold numbers of registrations were lost, consigning voters to troublesome provisional ballots.

Voting machines in many states again proved problematic. And too often, poll workers were not adequately prepared and provided faulty information to would-be voters. Fortunately, the election was not close and the electoral majority did not depend on states such as Virginia and Missouri where the problems were most extensive.

The energy of 2008 can form the basis of a long-term movement for democracy reform. We need to move toward universal voter registration. We need meaningful campaign-finance reform. We need national standards for how elections are run. Now is the moment to enlarge our understanding of democracy to include new forms of civic engagement and political deliberation. Recent history strongly suggests that, in the long run, elections cannot be meaningful unless they exist alongside other effective channels of political action, engagement, and communication.

In recent years, democracy has come to be defined very narrowly, in terms of elections and the right to vote. But America also has a strong belief in participatory democracy—where people help make the decisions that affect their lives beyond Election Day. Today, these two

concepts are often separated. They are the subject of different reform communities, different legislative efforts, different constituencies. But to invigorate democracy, they must be coupled. People need a means to become involved in the decisions that affect their lives. We must also lower barriers to meaningful elections and inspire people to cast their votes.

THE DELIBERATIVE DEMOCRACY MOVEMENT

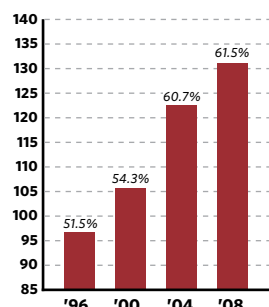
After his retirement, Thomas Jefferson realized that one of our founders' greatest oversights was failing to provide an institution through which citizens could take part in everyday democracy. Jefferson belatedly proposed that the nation be divided into "wards," units small enough to give every citizen a tangible role in self-government. He envisioned the wards as places where "the voice of the whole people would be fairly, fully, and peaceably expressed, discussed, and decided."

The conviction that democracy should mean more than casting a ballot—that being a citizen should involve active participation in the governance process—is as old as our nation. The New England town meeting is one of the best examples of citizens having a greater voice in public decisions. Unlike the faux "town halls" of today's presidential campaigns, in which selected citizens shout questions at politicians, town meetings are citizen legislatures where people debate issues and make decisions on behalf of the community. While unworkable in large cities, these institutions play a vital role in hundreds of New England towns.

Over the past two centuries, experiments from the local to the national level have attempted to give Americans greater voice in public life. In the 1930s, the Department of Education created the Federal Forum Project, which sponsored

VOTER TURNOUT

Total number in millions and as a percentage of eligible voters



SOURCE: STUDY OF THE AMERICAN ELECTORATE AT AMERICAN UNIVERSITY

forums around the nation to educate the public and develop a cultural habit of democratic talk. By 1938, according to William Keith of the University of Wisconsin-Milwaukee, more than 1 million Americans per year were participating in weekly forums. President Lyndon Johnson's Economic Opportunity Act of 1964 included a now infamous call for "maximum feasible participation" in the War on Poverty. Later, the National Environmental Policy Act of 1970 introduced the use of publicly critiqued environmental-impact statements for federal programs.

About 20 years ago, a new movement emerged to celebrate, cultivate, and articulate public engagement in the governance process. Scholars and civic reformers variously refer to this movement as deliberative democracy, public participation, civic renewal, community building, or collaborative governance. But by any name, it has the same three core convictions.

First, many of the problems facing our communities cannot be solved by any one sector. More often than not, sustainable solutions require collaboration across sectors and active public involvement. Second, political polarization has left elected officials without a mandate to act on behalf of the common good. New techniques are needed to identify common-ground positions that provide leaders with the will to act. Third, new processes must be found to rebuild the public's trust in our governing institutions and to create a more robust civic life for our nation.

The movement for greater participation in public decision-making has no single source or driver. And in a variety of fields, increased participation seems to have arisen somewhat independently. In the 1980s, for instance, some urban planners began experimenting with public participation to develop plans that were driven by a shared vision of the future. Early innovators like Chattanooga, Tennessee, and Roanoke, Virginia, found that citizen participation helped to create and sustain momentum for passing and implementing development plans. These experiences inspired thousands of cities and regions across the nation to try similar participatory processes. Most recently, thousands of

citizens convened at large 21st-century town meetings to shape plans for Ground Zero in New York after September 11 and to create the recovery plans for New Orleans after Hurricane Katrina.

In the field of education reform in the 1980s and 1990s, experts began to observe that students were more likely to succeed when their parents were involved in their schooling. In *The Next Form of Democracy*, Matt Leighninger writes that once they were invited in, "many parents realized that they wanted more of a say." Community consensus on school finances led to the successful passage of bond measures in places like Reno, Nevada, South Kitsap, Washington, and Delaware, Ohio. In other places, like Portsmouth, New Hampshire, and Decatur, Georgia, community involvement helped to pass highly contentious redistricting plans.

Public officials and civic leaders have found that community involvement contributes to creating better, more sus-

tainable solutions. The Democratic Party platform included a lengthy section on community, highlighting these and other ideas.

THE ELECTORAL REFORM MOVEMENT

Alexis de Tocqueville made it sound so simple. Let people have even a taste of democracy, he said, and they will clamor for more. "The further the limit of voting rights is extended," he wrote, "the stronger is the need felt to spread them still wider; for after each new concession the forces of democracy are strengthened, and its demands increase with its augmented power." With this in mind, the voting-rights arm of the democracy movement is animated by three broad issues: full enfranchisement, universal registration, and smoothly run elections.

The first hundred years of election-reform work in the U.S., from the 14th Amendment through the Voting Rights Act, focused on the right to vote. On that count, real progress was made. Most Americans today would agree in principle

Political polarization has left elected officials without a mandate to act on behalf of the common good.

tainable solutions. The growth of the deliberative-democracy movement has been further advanced by a handful of committed national organizations like *AmericaSpeaks*, *Everyday Democracy*, *Public Agenda*, and the Center for Deliberative Democracy that have demonstrated the impact of citizen engagement, documented it, and pressed it on government agencies.

Regrettably, most public engagement in government has been episodic. Though the success is demonstrable, the challenge is to institutionalize these practices. In the 2008 presidential campaign, candidates began to acknowledge this challenge. John Edwards included in his government-reform platform a proposal to convene 1 million or more Americans for biennial national discussions of top public concerns. Similarly, Barack Obama proposed using online tools for public comment on new legis-

that all adults should be entitled to vote, and we should remember that in earlier days, Americans argued about whether people of color, women, and the poor should have the right to vote. (Yet there is still work to be done. Michael McDonald of George Mason University points out that only about 92 percent of America's voting-age population is actually entitled to vote. The other 8 percent includes felons or ex-felons in some states, non-citizens, and mentally disabled people.)

The election-reform movement of the last quarter-century has instead focused on the ability to cast that vote. In 1928, Harvard professor William Munro captured the disdain among many for "uneducated" voters, when he wrote, "About twenty percent of those who get on the voters' list have no business to be there." That sentiment, along with still powerful racial animus, has provided sustenance to many schemes to prevent



Democracy In Action? Voters in Kentucky wait in line to cast their ballot on Nov. 4, 2008.

eligible voters from casting their ballot. It wasn't until the 1960s that the poll tax was struck down and the Supreme Court issued its "one person, one vote" rulings, ensuring that a small minority could no longer dominate elections.

With those victories achieved—at least in the law—election reformers began working to expand the ranks of eligible voters. In 1973, the 800,000 residents of D.C. finally got the chance to elect their own local government—though they still have no voting representative in Congress. And in 1974, the Supreme Court ruled that states could no longer limit voter registration to brief periods during the year. The passage of the National Voter Registration Act in 1993 was an attempt to thwart those who would erect new barriers, by putting government at the center of voter registration—whether at motor-vehicle agencies or in social-service agencies. The law was a tremendous victory, but the battles continue.

America remains one of the few democracies with an "opt in" voter-registration process. Eligible voters risk disenfranchisement if they miss the deadline or fill out the form incorrectly, if they don't have proper photo identification, if they go to the wrong line, or if they register under a slightly different name (middle initial

versus full middle name, for instance). Voters who live in densely populated poor neighborhoods are more likely to see administrative confusion lead to their effective disenfranchisement.

Over the past decade, many election-reform efforts have been focused on the state level, in large part because the prospects for meaningful reform by Congress—and the president—have been bleak. But given our new president and Congress, it is probable that state-level work will be re-energized and supplemented with a stronger push from the federal government.

A REFORM AGENDA FOR A STRONGER DEMOCRACY

To create a fully inclusive democracy, the new administration needs to tap the widespread enthusiasm for change we saw in the recent election. The movement for democratic reform needs to start considering a wider range of reform topics, while linking them both intellectually and practically. The agenda that follows is a beginning. This agenda was developed in a two-day conference over the summer at a gathering of 49 advocates and scholars from across the democracy movement—including representatives of electoral-reform, deliberative-democracy, and

community-development organizations. It is not a comprehensive democracy agenda, nor is it meant to be. For example, this agenda does not include discussions of media reform or the right to organize, to name just a few. But this agenda, which has already been endorsed by over a dozen organizations representing election-reform, deliberative-democracy, and community-development fields, is a start.

Begin with a federal champion. A White House Office of Civic Engagement could spur better democratic practices at all levels of government. The office could push an aggressive electoral-reform agenda and inspire new models of democratic engagement, including an interagency network to provide agencies and staff with capacity-building services such as technical support and training in how to engage citizens in policy-making. Much exciting work is being done to engage people through new uses of technology—this office could bring the government into that world.

As president, Obama should signal a new kind of governance by calling on the American people to take part in a series of national discussions, each engaging 1 million Americans or more, on the issues of highest public concern, such as the economy, health care, foreign policy, energy, and climate change. These national conversations will provide policy-makers with an independent, nonpartisan means of assessing public opinion and priorities, and forge a stronger link between Americans and their government. This initiative could be overseen by a nonpartisan working group of citizens appointed by the president and the majority and minority leadership of the House and Senate. The new White House Office of Civic Engagement should manage the national discussion and ensure a strong link to the president and federal agencies.

Congress and the White House should pass an aggressive set of policy reforms to enhance democratic participation—electoral and otherwise. This should include a commitment to universal voter registration for all eligible Americans, beginning with Election Day registration across the country. Other important elec-

toral reforms include full implementation of the National Voter Registration Act, passage of meaningful public financing of congressional elections, and restoration of meaningful public financing of presidential elections. We should adopt a broad set of voter-convenience measures such as early voting and voting by mail. It's time also for clear national standards for election administration. And we should pursue alternative election systems such as ranked-choice ballots and instant-runoff elections as a way to ensure a fair reflection of voter sentiment.

In the broader democratic engagement arena, these reforms should include passage of a Public Engagement Act, which would create incentives and requirements that allow federal agencies to gain full benefit from public-engagement activities, consultation, and collaborative processes.

Finally, to tap the wealth of energy and commitment of the millions of new residents of this country, Congress and the president need to adopt a series of policy reforms to encourage and support new American residents as they enter democratic life.

DEMOCRACY'S MOMENT

Voter enthusiasm is the highest it has been in our lifetime. Young people are knocking on the doors and are ready to get involved. New technologies allow engagement in ways unimaginable even 15 years ago. The economic crisis, the drastically reduced standing of the U.S. in the world, and the desperate needs of the American people indicate that this is the time for change. And we have something else we've never had before: an appreciation of the cause and support for change from the very top. This is a moment that comes perhaps once in the lifetime of a democracy, a moment to rediscover its strengths and renew the principle of government by the people. **TAP**

Stuart Comstock-Gay is the director of the Democracy Program at Dēmos and the former executive director of the National Voting Rights Institute. Joe Goldman is the vice president of citizen engagement at AmericaSpeaks.

Better Together

The Midwest Democracy Network put comprehensive democracy reform into practice.

BY CYNTHIA CANARY AND MIKE MCCABE

It's been said time and again that "all politics is local." Truth be told, most people think of politics in national terms—this year more than ever. But the greatest potential for rethinking American democracy may lie in working at the regional level. A largely under-the-radar experiment underway in a politically important five-state area of the country could change that.

We formed the Midwest Democracy Network in late 2006 to knit together state-based reform organizations, academic institutions, and national research and policy organizations to address the condition of democracy in five Great Lakes states—Illinois, Michigan, Minnesota, Ohio, and Wisconsin. Groups are working together across state lines to pool resources, learn from each other's failures, share solutions and build a grass-roots reform movement that is big enough to matter.

Through collaboration, the Midwest Democracy Network has already established a far bigger presence on the public-policy stage than any single state-based organization could. The Network demonstrated this clout with our survey of the reform positions of the presidential candidates. Coming from organizations representing a number of key battleground states, the Network's questionnaire received thoughtful answers from several presidential candidates. Little did we know when the questionnaire results were made public in January 2008 that Barack Obama's response indicating he would participate in the public-financing system would become national news several months later when he opted out of the system. Obama's answer to our questionnaire was raised in editorials and in debates and provided great fodder for columnists, ultimately

provoking a national discussion of the public-financing system.

In announcing his decision to eschew public financing, Obama labeled the system badly broken. He promised, if elected, to revisit the presidential public-financing program and work to restore it. While this is a little like putting Humpty Dumpty back together again, now that Obama is the president-elect, it nevertheless is an opportunity to thoughtfully and creatively re-examine the campaign-finance issue—an opportunity the Midwest Democracy Network plans to seize.

Many reformers point to the millions of Americans who helped finance the campaign—mostly with small donations of \$100 or less, many given via the Internet—as new evidence of a resurgent democracy. We noticed, too, but wonder if the bountiful harvest of such donations that was central to the success of the Obama campaign can be replicated in state or local contests. Can more obscure, less charismatic figures running in more mundane races make such prodigious use of online tools and new fundraising methods? Can programs that encourage small-donor support also serve to enhance the voice and the participation of voters? We aim to find out. We'll be putting the viability of small-donor programs to the test in our region and looking for ways to make them relevant to down-ballot elections.

THE MIDWEST DEMOCRACY Network is working toward not merely campaign-finance reform or particular legislative goals but the restoration of confidence in democracy in the region. In the spring of 2008, the network commissioned a poll by the national independent research firm Beldon, Russonello & Stewart, which found that Midwesterners' trust in state government sharp-

ly declined during the past two years.

Sixty-nine percent of respondents said they couldn't trust government to do what is right most of the time, a seven-point increase from the same question asked in a 2006 survey by the same polling firm. The 2008 poll found that Midwesterners' level of concern about the influence of money in state politics was on a par with worries about bread-and-butter issues like health care, public education, and state taxes. Respondents strongly supported a number of specific reforms on open government, campaign finance, judicial independence, and redistricting. A large majority—about 80 percent—believed that a comprehensive platform of reforms would make state government work better.

When all the findings are put together, three messages come through. First, Midwesterners don't want reform for reform's sake. They want a healthy economy, good jobs, access to health care, and quality schools for their kids. But, second, they have little faith that a dysfunctional government will deliver such change, and believe that reforms can eliminate the conditions that prevent real progress. Third, voters are wiser than we often give them credit for. They recognize that no single reform will do the trick, and they are capable of thinking creatively about democracy.

A case in point is the growing threat to the independence of our state courts and the fairness and impartiality of judges, a central concern in the Midwest. Some of the ugliest and most demeaning state Supreme Court elections have taken place in Michigan, Wisconsin, and Illinois. Judges are supposed to be accountable only to the law and the Constitution, but the way we finance most state court elections puts this bedrock principle of our court system at great risk.

States throughout our region are working to turn judicial auctions back into court elections. But we're also working together on other fronts to improve the conduct of judicial elections in the Midwest. Network groups collaborated with the Justice at Stake Campaign to develop a handbook of best practices for judicial candidates. The guide, sent

to over 700 judicial candidates, provides concrete proposals and commonsense wisdom to help them keep campaigns from becoming a race to the bottom. The recommendations cover judicial campaign speech, financial contributions, and the growing role of interest groups in judicial elections. In addition, the guide offers practical advice on judicial-campaign oversight committees, the appropriate responses to judicial questionnaires, and participation in voters' guides, debates, and public education. Anecdotal evidence indicates that the handbook was effective in some races, particularly for the lower courts. In the coming months, the Midwest Democracy Network plans to follow up on this effort by bringing judges together to share best campaign practices.

THE GROUPS THAT CAME together to form the Midwest Democracy Network are very diverse. Some have toiled for years for campaign-finance reform. Others specialized in voting rights and election protection. Others followed the money and made what they found available to journalists and citizens or served as watchdogs and shined light in the corridors of power. We have been joined in this effort by state-based organizations representing people of color, immigrants, consumers, and the environment, as well as academics, legal scholars, and national think tanks. It is a new model of collaboration that looks at issues both broadly and deeply and is rooted in local experience.

Our founding idea is reinforced by the Midwestern wisdom reflected in the polling data—that no single reform will cure what ails our democracy and government. Change will spring from on-the-ground activism that is scrupulously tailored to local needs, issues, and interests. In fact, we are convinced that's the only way change will happen. What's sorely needed in Illinois is in some cases already law elsewhere in the region. What will fly in

Minnesota or Wisconsin, for instance, might not stand a chance of getting off the ground in Ohio or Michigan.

Counterintuitive and seemingly contradictory though it may be, we've discovered great promise in interstate collaboration, even as we practice a highly decentralized form of advocacy rooted in a belief in the superiority of autonomous state-based reform efforts. One-size-fits-all reforms fashioned in isolation in Washington, D.C., won't work if we desire change that is sensitive to the variations in history, process, and practice at the state level.

What we have in common is a view of democracy as an ecosystem. Yes, all the money in politics has priced too many citizens and candidates out of the political marketplace and given wealthy interests too much control over our elected officials. But campaign-finance reforms in isolation will deliver unsatisfying results. Voters are supposed to choose their representatives, but the way congressional and state legislative districts are currently drawn means that representatives have fashioned districts that stack the



Regional Allies: Over 300 gathered for the annual member meeting of TakeAction Minnesota last January.

odds in favor of their re-election. The promise of campaign-finance reform will amount to little if most districts are uncompetitive by design. That's why one of the Midwest Democracy Network's next big initiatives is a multiyear effort to address how the U.S. census is used for redistricting. Our goal is to get out in front of this issue and encourage the public to participate in the redistricting deliberations, rather than just accept the map as drawn by political insiders.

The old approach to reform overlooked the interconnectivity of issues—for example, how the combination of redistricting, campaign financing, and ballot-access laws conspires to reduce electoral competition. Or how progress achieved in the legislative arena can be so easily undone by courts that hew to the status quo. Our failure in past efforts to acknowledge interconnectivity was very much on our minds as we cooked up the Midwest Democracy Network and set out to knit together single-issue and multi-issue groups alike into a more cohesive community of reform advocates.

Much of the work we've done together involves pooling our energy and resources to make possible not only such undertakings as our presidential questionnaire but also efforts that no one of us has the means to do alone, such as sustained public-opinion research and systematic tracking of political advertising. In acting together, we look to create a regional if not national presence and an amplified voice for democracy reform that can be heard beyond the borders of our individual states.

In the end, of course, all that really matters is whether our experiment helps make democracy in the places we call home healthier and more worthy of the name. Alone, we face steep odds. Together, we like our chances. **TAP**

Cynthia Canary is executive director of the Illinois Campaign for Political Reform. Mike McCabe is executive director of the Wisconsin Democracy Campaign. Both groups are founding members of the Midwest Democracy Network, and both Canary and McCabe serve on the network's steering committee.

Can Money Be a Force for Good?

The revolutionary potential of small-donor democracy

BY MARK SCHMITT

Early last year, as the 2008 presidential campaign loomed on the horizon, campaign-finance experts and newspaper editorial boards warned preemptively of a “billion-dollar election.” In a February 2007 editorial, *The New York Times* invoked Watergate to warn that such an expensive election would represent a breakdown of campaign-finance regulation and mark a return to the corruption of the Nixon era. If Sen. Hillary Clinton were looking for a clever name for her big fundraisers, something comparable to George W. Bush's “Pioneers,” she could, the editorial suggested, call them “Recidivists.” (After marveling at the millions that Clinton, Rudy Giuliani, and a few other candidates had already amassed, news stories at the time mentioned in passing that there was also a fellow named Barack Obama who had raised \$500,000.)

In the end, more than \$1.6 billion was raised for the presidency alone, more than twice as much as was raised four years earlier. A single candidate—Barack Obama—raised and spent \$640 million of that total. Candidates for the House and Senate spent more than a billion dollars, even though, as always, most contests were not competitive. All told, the predicted billion-dollar election actually cost \$5.3 billion, according to the Center for Responsive Politics.

Only a few presidential candidates participated in the public-financing system for the primaries. One, Obama, was the first candidate since the system was created to opt out of using it in the general election,

passing up \$85 million in no-strings-attached money in favor of continuing to raise hundreds of millions in private donations. Meanwhile, the other major-party candidate supplemented public financing with \$19 million in coordinated funding through the Republican National Committee and at least \$36 million through a legal loophole known as a General Election Legal and Accounting Compliance Fund.

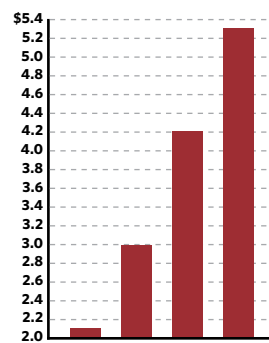
Had these staggering circumstances been predicted to campaign-finance reform advocates a few years ago, they would have unanimously described them as a dystopia, a terrifying fate for American democracy and evidence of the collapse of not only the 2002 Bipartisan Campaign Reform Act (the McCain-Feingold law) but the entire edifice of post-Watergate election reforms.

Yet when that day came, many of the same reformers described it as one of the brighter days in the history of American democracy. Voters participated in record numbers, and enthusiasm was palpable, not just for Obama but for other presidential candidates as well as House and Senate candidates. Despite the record number of voters who told pollsters that the country was on the “wrong track” and the unprecedented disapproval ratings for both the president and Congress, there were strong signals that voters were motivated by hope. Unusually high percentages of people told the Pew poll that they were voting *for* their preferred candidate rather than *against* the other.


And while the amount of money was staggering, so was the number of people

ELECTION MONEY

Total amount spent on all federal races, in billions



SOURCE: CENTER FOR RESPONSIVE POLITICS; PUBLIC CITIZEN



involved: More than 3 million donors gave to the Obama campaign alone. Though we don't have good historical data on donors who give less than \$200 (the amount required to be reported), we know that in 1996, only 567,000 people gave \$200 or more to *any* candidate or party, and only 200,000 people gave to any Democrat or the Democratic Party. By comparison, 322,000 donors gave \$200 or more to Obama's campaign, in addition to the roughly 2.7 million who sent smaller amounts. More than 1.2 million people donated \$200 or more to campaigns—not only Obama's—in 2008, according to the Center for Responsive Politics. Such a broad and diverse base of donors and the astonishing percentage of small donors (48 percent of Obama's funds and 34 percent of John McCain's came from individuals who gave less than \$200) have to significantly alleviate concerns about corruption resulting from the leverage that any individual donor, group of donors, or major fundraiser would hold. In this new world dominated by small donations, no one individual has much sway over the candidate.

Campaign-finance reforms collapsed, but the system was saved by accidental developments outside the legal framework.

Two facts revealed by the 2008 election—the collapse of the campaign-finance regulatory regime and the transformation of small-donor fundraising—call for not just new rules but an entirely new set of assumptions about money in politics. Campaign-finance law treats money in isolation as a bad and corrupting force that should be constrained or eliminated. The authors of the existing laws assumed that small donors were unlikely to play a major part in politics unless constraints on large contributions and on soft-money contributions from corporations and unions forced candidates to go small. And they assumed that money, cynicism, and low participation formed a vicious circle.

These are the assumptions of 1996, when only half a million or so people were

involved in politics as contributors and when political participation was at its lowest level ever. (That was the only year in American history when voter turnout fell below 50 percent.) We now know two things we didn't know then: Small donors *can* be drawn to politics, and large sums of money in politics and engaged, participatory democracy are not incompatible; money can, in fact, be an essential form of expression that deepens participation. That is, money, positive engagement with politics and government, and participation can, in certain circumstances, form a virtuous circle.

THE ELECTION CREATED a paradox: If there were a causal relationship between big money in politics and corruption, public cynicism, and low participation, then a year like 2008—which featured big money but also public enthusiasm and high participation—should not exist. Long-time opponents of reform, such as former Federal Election Commissioner Bradley Smith, jumped on the result as proof that they had been right all along: “Obama’s fundraising shows us the emptiness of the

arguments for campaign finance ‘reform,’” Smith wrote in *The Washington Post* a week before Election Day.

Obama, who had earlier made a vague pledge to work out an agreement with his opponent whereby both would accept public financing, and was widely criticized for opting out, described his fundraising base as “a parallel public-financing system where the American people decide, if they want to support a campaign, they can get on the Internet and finance it.”

He was right in one sense and wrong in another. It is fair to consider his 3 million donors “public financing.” A broad base of support, reflecting such enthusiasm that roughly one out of every 30 people who voted for him also made a contribution, can legitimately be called public.

What it cannot be called, however, is a

“system.” The circumstances that led to Obama’s ability to raise almost twice as much money as any previous candidate are not reproducible. And some of the circumstances—such as the extraordinary polarization of the electorate and the passion for change after eight years of George W. Bush—one would never want to reproduce. Certain congressional candidates, especially those who won attention among the online activists of the “netroots,” also brought in astonishing levels of small donations. But for the most part there was no change in the price of a competitive congressional race or in the advantage held by incumbents and those with access to larger donors, according to an immediate post-election study by the Campaign Finance Institute.

Indeed, as 14 scholars agreed in the journal *The Forum*, published by the University of California, Berkeley, the regime by which we govern money in politics has “collapsed.” The regulations intended to control large contributions and soft money, bolstered by the McCain-Feingold reforms of 2002, were weakened by the Federal Election Commission and finally made irrelevant last year by the Supreme Court’s correct ruling that issue advertisements mentioning a candidate near election time cannot be regulated. The 34-year-old public-financing system, an outdated model whose flaws were evident, died from disuse.

While the constructed elements of the campaign-finance system—legal fundraising limits and formal public financing—collapsed, the system was saved by accidental developments outside of the legal framework. The Internet, in particular, made a new kind of small-donor fundraising possible. In the past, asking a donor for a second or third donation was costly, so all the incentives were to ask for a large donation up front. Beginning with Howard Dean’s campaign in 2004, campaigns understood that, with a donor’s e-mail address in hand, asking for more money was cost-free. Now there was every reason to ask a donor for \$5 or \$10 to start with and nothing lost if the donor had only \$5 or \$10 to give. This is not some technological miracle but a small change with huge con-



A Force For Good: Volunteers collect mail-in ballots in Oregon.

sequences made possible by technology.

Technology also slashed the transaction costs of organizing to raise money outside the campaigns or parties. A decade ago, the only interests that could organize to raise and contribute money collectively were those with the financial incentive that made it worth the huge costs of organizing to influence government—the large trade associations of Washington’s K Street, for example, or a few organized groups of single-issue voters such as gun-rights supporters. Thus a primary goal of reform was to limit such organizations, whether in the form of political action committees (PACs) or the 527 committees that emerged in 2004. Since the ability to organize was distributed unequally, regulating organizing was essential to equality.

But Internet intermediaries such as ActBlue.com, a clearinghouse for individuals or groups to raise money for candidates they favor, have completely transformed the nature of organizing. ActBlue users, acting independently, have raised \$83 million for candidates since the site launched in 2004. This, in turn, enabled candidates to raise money without going through the gatekeepers of the big, organized dollars—the lobbyists and financiers—and changed the range of issues that candidates had to respond to. (While the most notable achievements of low-transaction-cost

political organizing have been on the left, it is a matter of time before comparable conservative organizations such as Slatecard.com catch up.) Numerous congressional candidacies, such as that of newly elected Rep. Tom Perriello in Virginia, would never have been possible, much less victorious, without ActBlue and the thousands who use it to organize.

THE CHALLENGE IN the next wave of reform is not to try to rebuild the post-Watergate campaign-finance regulations but instead to see money as one factor in a larger system and intervene to turn money into a force for good (participation, robust communication) rather than for ill (corruption, massive inequality in the ability of candidates to be heard). Neither the laissez-faire view that opposes reform nor the traditional reform approach based on limiting contributions and closing loopholes recognizes these possibilities. The goal should be to understand the achievements of Obama, ActBlue, and others and institutionalize them into a real system that works for voters and all candidates.

Such a system would seek to create every incentive for small donors to participate and for candidates and parties to seek small donors, especially in the early stages of a campaign. Small-donor democracy is not a single legislative fix. Rather, it is a change of orientation, so that instead of trying to purge politics of

big money or organized money, we use the lessons of 2008 to ensure that money can be a force for good. There are a few key ways to fashion a small-donor democracy system that can work for all candidates:

- **Change the incentives for candidates to seek small donations.** A generous match on small contributions, such as New York City’s 6-to-1 public match, is one way to give candidates as much motivation to seek a \$50 contribution as a \$300 contribution. Even systems of full public financing, such as Arizona’s, use small contributions as seed money to prove broad public support. As that state’s governor, Janet Napolitano, has said, it led her to approach the same people for money that she approaches for votes.

- **Create new ways for small donors to give.** Legal scholar Bruce Ackerman has long advocated a system of “patriot dollars”—a voucher given to every citizen to contribute to a candidate or a political organization. The same goals can be achieved through a refundable tax credit for small contributions, especially if it were well publicized. Minnesota’s system combines a matching system with a tax credit, appealing to both candidates and contributors.

- **Add new incentives for small-dollar organizing.** To offset the power of big political organizations, add new incentives for small-donor PACs, such as those organized on ActBlue, by making contributions to certain qualified political organizations eligible for the match or tax credit as well.

These provisions could be combined in various ways so that a public-financing system could have both a matching system for candidates to get started and then full public financing once a certain level of support were reached. Such systems would be flexible, not locking candidates into spending limits or other restrictions that limit their ability to respond if outspent, the core problem of the old presidential system. They respect the role of money as a legitimate expression of enthusiasm and a form of participation. And they build on healthy trends in our politics rather than continuing the futile quest to build a wall against unhealthy trends. **TAP**

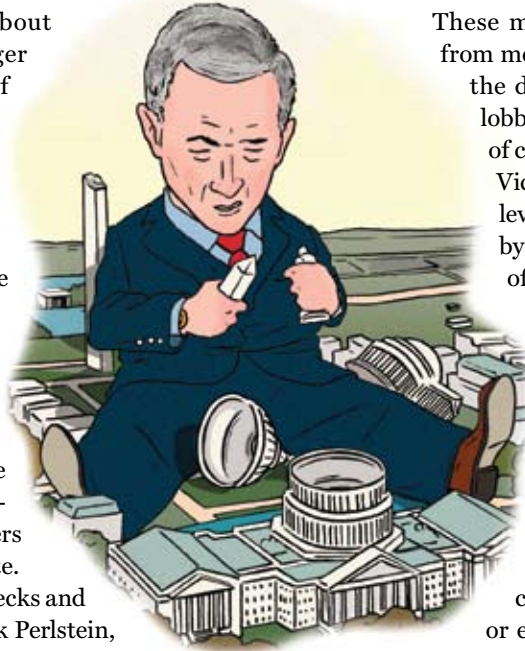
How Bush Broke the Government

To gain a true sense of Bush's legacy, we survey the systematic and politically motivated ways he undermined the federal government.

There is nothing new about presidents who are eager to overstep the bounds of their power, whether they are conservative or liberal in their political views. But the strategies that George W. Bush used to strengthen his presidency—and weaken other branches of government—have been more widespread than the ones employed in the past. Rather than isolated abuses of executive power, such as Bill Clinton's bombing of Kosovo without congressional approval, the actions of the Bush administration have been the most systematic abuses of executive authority since the branch's powers were curtailed in the wake of Watergate.

"You know how there are all these checks and balances in the government?" says Rick Perlstein, author of *Nixonland: The Rise of a President and the Fracturing of America*. "Under the Bush administration, all that was turned on its head. When you look at what they did, it's like reading the opposite of the *Federalist Papers*." Despite the fact that Alexander Hamilton clearly articulated that there should be checks on the president's power—especially in a time of war—the Bush administration selectively interpreted the *Federalist Papers* to claim that Congress has no right to restrict the president. Government lawyers such as John Yoo, who worked in the Justice Department's Office of Legal Counsel, went so far as to assert that Hamilton's view of "executive unity" allows for a supercharged executive branch with unlimited power.

Some of Bush's power grabs made national news. Unaccountable military contractors in Iraq and ideological shenanigans at the Justice Department were front-page headlines. However, to gain a true sense of Bush's legacy we must look beyond these individual transgressions and examine how the administration employed politically motivated strategies throughout the federal government—with devastating results. In other words, to understand what happened to government under the Bush administration, we must look at the methods that were used to break it down.



These methods, which included everything from meddling with scientific research to get the desired results to appointing former lobbyists to watchdog positions, were not, of course, all directly supervised by Bush, Vice President Dick Cheney, or other high-level officials. They were often carried out by an array of lower-level officials, many of whom were political appointees, all of whom were operating in the same climate of secrecy and working for a government that condoned and encouraged attempts to expand the reach of the executive branch and its political agenda.

These are deeply entrenched problems that do not lend themselves to easy solutions. It is unlikely that they can be resolved in the first month—or even the first year of Barack Obama's presidency. He will need to take a systematic approach to fixing government, just as Bush took a systematic approach to breaking it down. To what extent Obama is willing to do that and how quickly he will embark on the project are urgent questions. "Giving up power is one of the most difficult things to do," says Karen J. Greenberg, executive director at New York University Law School's Center on Law and Security. As she points out, George Washington may be celebrated for relinquishing kingly power, but scaling back is not so common these days.

In order to roll back the damage Bush has done over the past eight years, we must have some idea of its scope. In the following pages, we survey some of the systematic ways the Bush administration undermined the federal government, in the hope that the new administration can begin to repair the damage. **TAP**

Written and reported by Tara McKelvey, Te-Ping Chen, Ann Friedman, Esther Kaplan, Sheila Kaplan, Meredith Kolodner, Carolyn Petri, Alyssa Rosenberg and LaNitra Walker. Research assistance provided by the Investigative Fund of the Nation Institute.

JUKING THE STATS

The HBO series *The Wire* introduced viewers to the concept of police “reducing crime” by simply changing the statistics on record—in essence, coding in felonies as misdemeanors. The cops on the show call it “joking the stats,” and it’s a practice that became all too familiar during the Bush years. Administration officials would repeatedly call for a review of the literature of a subject until they got their desired interpretations. They would ask scientists to show proof that a policy they opposed would cause damage to the environment—or the reverse, that a policy they supported would not hurt the environment. When the facts flew in the face of the Bush agenda, the administration told its agencies to get new facts.

DEPARTMENT OF THE INTERIOR: Vice President Dick Cheney took a special interest in the Klamath River Basin in Oregon and California, where a law prevented farmers from irrigating the land during a drought because using water from nearby canals would imperil an endangered species of fish. “Cheney asked, ‘Isn’t there some way around the law?’” says Barton Gellman, author of *Angler: The Cheney Vice Presidency*. Cheney called for a scientific review, which cast doubt on the research showing that using canal water would harm the fish, and cleared the way for the area to be irrigated. As a result, 77,000 salmon washed up dead on the banks of the river—the biggest man-made fish kill in the West.

DEPARTMENT OF HEALTH AND HUMAN SERVICES: Until the summer of 2002, the National Institutes of Health maintained that women who had an abortion were at no greater risk of breast cancer than those who had not undergone the procedure. But, under Bush, the NIH released a fact sheet that said the evidence was “unclear.” The fact sheet made no mention of “the largest, and probably the most reliable, study of this topic,” which found no link between abortion and breast cancer, according to the American Cancer Society. In a similar incident, a Centers for Disease Control fact sheet was altered to downplay the effectiveness of condoms in reducing the spread of sexually transmitted diseases. Rep. Henry Waxman and other Democratic lawmakers called it “part of an Orwellian trend at HHS.” They confirmed, “simply put, information that used to be based on science is being systematically removed from the public when it conflicts with the administration’s political agenda.”

DEPARTMENT OF VETERANS AFFAIRS: Secretary Jim Nicholson embarked on a campaign in 2005 to reduce the number of claims made by veterans for post-traumatic stress disorder, announcing a plan to review the cases in which veterans receive full disability benefits for the disorder. He said he wanted to root out “fraud.” Shortly thereafter, a New Mexico veteran who was undergoing review committed suicide, partly over concern about the review, according to veterans’ advocates. On Nov. 10, 2005, Nicholson discontinued the claim review.

SUPPRESSING SCIENCE

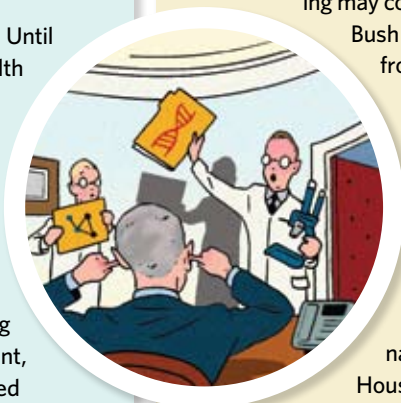
The Bush administration didn’t just meddle with research, it suppressed solid facts when they were less than favorable to its politics. Time and time again, when the science clearly called on government agencies to adopt stricter regulations or change policies, federal agencies diligently kept the information from becoming public—and avoided having to change their behavior. If they couldn’t rewrite the truth, then they kept it from getting out.

DEPARTMENT OF COMMERCE: The Commerce Department’s complicated media-relations policy made it difficult for scientists at the National Oceanic and Atmospheric Association to speak publicly about the links between human behavior and global warming. In 2007, reports by the Union of Concerned Scientists and the House Oversight and Government Reform Committee found that the Commerce Department and the White House Council on Environmental Quality went so far as to water down NOAA scientists’ environmental testimony.

DEPARTMENT OF AGRICULTURE: In Ames, Iowa, the Agricultural Research Service prevented one of its microbiologists from publishing research indicating that industrial hog farming may contribute to antibiotic resistance. The Bush administration stopped the scientist from publishing 11 times between September 2001 and April 2002. In a February 2002 memo, the Agricultural Research Service told its scientists to seek prior approval on all manuscripts related to “sensitive issues,” including agricultural practices with negative health or environmental consequences such as water contamination. In September 2003, the White House stopped the Natural Resources

Conservation Service from reprinting a popular brochure explaining carbon sequestration in soil and what farmers can do to reduce emissions of heat-trapping gases.

DEPARTMENT OF HEALTH AND HUMAN SERVICES: A 400-page report, *Public Health Implications of Hazardous Substances*, put together by researchers at the Centers for Disease Control, warned that 9 million people who live in Chicago, Cleveland, Detroit, and Milwaukee may face elevated risks of health problems from exposure to dioxin, polychlorinated biphenyls (PCBs), lead, and mercury. Since 2004, dozens of experts have reviewed various incarnations of the report—but CDC officials have refused to release it. Instead, they have sought additional revision and review. And in 2007, just before CDC director Dr. Julie Gerberding testified in front of a Senate committee on the hazardous effects of climate change on public health, the White House Office of Management and Budget edited out nearly half of her testimony. The expurgated text articulated climate change’s direct effects on Americans.



REWRITING THE RULES

Many of the Bush administration's tactics that changed government policy were executed in ways that received little or no oversight. Whether by drawing up legal memos or making procedural changes, officials put forth a roster of regulations that dramatically altered the federal agencies—without going to Congress.

DEPARTMENT OF JUSTICE: At the Justice Department's Office of Legal Counsel, government attorney John Yoo expanded the definition of torture in an infamous August 2002 memo, allowing American interrogators to inflict almost any sort of pain on detainees in order to obtain information. In addition, interrogation techniques that are widely regarded as torture, including sleep deprivation and the use of dogs, were approved in U.S.-run detention facilities in Iraq, creating an extra-legal situation that led to the abuses at the Abu Ghraib prison in late 2003—and to an international scandal when photographs from the prison were shown to the public in April 2004.

DEPARTMENT OF EDUCATION: In August, the Education Department's Office for Civil Rights wrote a letter to federally assisted universities outlining, in a few short bullet points, its new and more restrictive policy on race-neutral college admissions. Completely reversing the Clinton administration's support for race-based affirmative action, Bush's OCR compels institutions to seek diversity that is "broader than mere racial diversity," make a "serious good faith consideration of workable race-neutral alternatives," and ensure that "the use of race [has] a logical end point." If universities don't comply, they don't get federal funds. Traditionally, the OCR enforces Title VI of the Civil Rights Act of 1964, which prohibits discrimination based on race, but under the Bush administration, the OCR has set up more barriers than avenues to educational institutions trying to attract diverse students and provide equal access.



HIRING FRIENDS AND FIRING ENEMIES

As anti-tax crusader Grover Norquist once said, "Personnel is policy." The Bush administration certainly took that to heart, enforcing uniformity and keeping employees in line by taking pains to hire under-qualified political allies (like the conservative-college graduates at the Justice Department) and by firing workers, even party loyalists, who dared to disagree or otherwise cause trouble.

DEPARTMENT OF LABOR: Jack Spadaro, an official with the Mine Safety and Health Administration, had a reputation as a whistleblower for alerting authorities to an environmental catastrophe at West Virginia's Martin County Coal, a subsidiary of Massey Energy, in October 2000. When Bush took office, he promptly put a political appointee in charge of the MSHA Office, and then officials went after Spadaro, firing him over accusations that he had violated federal rules, inappropriately used a government credit card, and engaged in insubordination. By late 2001, Spadaro resigned. "I've been in federal government for 27 years," he said at the time, "and this is the most lawless administration I have ever seen."

DEPARTMENT OF VETERANS AFFAIRS: When Anthony Principi requested an increase for the agency's fiscal year 2005 budget, President George W. Bush balked. He recommended that the VA receive a budget of \$65.3 billion, \$1.2 billion less than what Principi wanted. Principi, who had served as an acting secretary of the VA in the first Bush administration, knows how things work in Washington. Nevertheless, he spoke out during a House Veterans Affairs Committee hearing on Feb. 4, 2004. By December, Principi was out of a job. His departure marked a turning point for the VA. Many of the programs that he had championed, such as a mental-health task force and efforts to improve claims processing for veterans who have been injured in combat, lost the strong backing in the agency and were allowed to languish.

DEPARTMENT OF JUSTICE: Senior aides at this agency were particularly scrupulous in hiring like-minded people, extending their vetting process even to Justice Department honors programs and interns. According to a report issued by the agency's Office of Inspector General and the Office of Professional Responsibility, as reported by *The New York Times*, White House aides ran a seminar titled "The Thorough Process of Investigation" in which they explained how to screen applicants by using Internet searches with the name of the applicant and key words such as "guns," "abortion," and "Florida recount" to determine how the applicants felt about these issues. Afterward, a decision could be made about whether or not to hire them.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT: In 2006, HUD Secretary Alphonso Jackson told conference attendees in Dallas that he squashed a contract with a minority businessman because the man disapproved of President Bush. "Why should I reward someone who doesn't like the president, so they can use funds to try to campaign against the president?" Jackson asked. "Logic says they don't get the contract." In contrast, Jackson's logic says: Reward friends! He gave a housing contract to William Hairston, a friend from Hilton Head, South Carolina, in early 2006; he also gave a housing contract to friend Michael Hollis, an Atlanta lawyer who made about \$1 million from the deal. When William Thorson, executive administrator of the New Orleans Housing Authority, spoke up and pointed out that Jackson's contract with Hairston was not only crooked but also duplicative (a contract had already been signed for the work Hairston would do), Thorson was called up to Washington, D.C., after which he decided to take early retirement.

PRIVATIZING AND OUTSOURCING

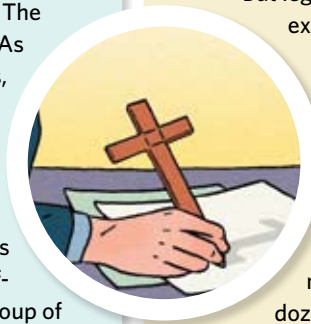
The U.S. government has steadily come to rely on private contractors. Since the 1980s, the number of government employees has been reduced from 2.2 million to 1.8 million today. Most notably, under Bush, the military has become especially prone to privatization, with more than 200,000 contractors serving in Iraq, a force that is larger than the 140,000 U.S. troops deployed there. Government employees have a special responsibility to uphold principles of the United States. Private contractors do not, which means they are operating in a legal gray area. The problem does not seem to be going away anytime soon. As Scott Horton, a consultant with Human Rights First, says, military contractors belong to “a growth industry” and have reason to be optimistic about the future—even under President Obama.

CENTRAL INTELLIGENCE AGENCY: Robert Grenier, former director of the CIA’s Counter Terrorism Center, says he first realized things in the intelligence world were different—really different—when he gave a speech to a group of CIA officers, and over half of them came up to him and handed him business cards. “I was startled,” he says. The officers were private military contractors. And, as Grenier discovered during his most recent stint at the CIA, even sensitive work, such as intelligence-gathering and interrogating terrorism suspects, has been contracted out. Civilian contractors employed by CACI International were implicated in the Abu Ghraib prisoner abuse scandal, but have, by and large, evaded prosecution.

DEPARTMENT OF LABOR: In a broad way, the regulatory functions of the Labor Department have been outsourced wholesale. Under previous presidents, the Occupational Safety and Health Administration made rules to ensure worker safety. But during the Bush years, OSHA has more or less suspended its rule-making functions, relying instead on a system of voluntary industry “alliances.” Cooperation, not confrontation, became the new watch word, according to Secretary Elaine Chao.

DEPARTMENT OF HOMELAND SECURITY: Shortly after Hurricane Katrina struck New Orleans, armed Blackwater contractors rushed into the city to maintain security. As *The Nation*’s Jeremy Scahill reported, they were tasked with “securing neighborhoods” and “confronting criminals.” The contractors were fully deputized by the Louisiana government to make arrests. Blackwater was later contracted by the federal government to provide armed security for Federal Emergency Management Agency reconstruction projects in Louisiana.

DEPARTMENT OF AGRICULTURE: During the Bush years, outsourcing was rampant at the Forest Service. In 2006, the agency made plans to outsource nearly two-thirds of its work force, a move the Bush administration later claimed had saved taxpayers millions of dollars. But a 2007 joint report by Public Employees for Environmental Responsibility and the National Federation of Federal Employees Forest Service Council found that the outsourcing actually cost more than nine times what it claimed to save. To boot, the Government Accountability Office warned in 2008 that outsourcing would hobble the agency’s ability to manage wildfires.



CHURCH-IFYING THE STATE

One of the most comprehensive and far-reaching efforts of the Bush administration focused on a mandate put forth by the religious right. After his election, Bush tried to muscle through an ambitious faith-based bill, one that would have eased restrictions on religious groups that receive federal grants.

But legislators balked at some of its more extreme provisions—especially those exempting religious groups from federal anti-discrimination laws—and the bill stalled. As a result, Bush created his faith-based initiative by a series of executive orders in 2001, 2002, 2004, and 2006, establishing both a White House Office of Faith-Based and Community Initiatives and satellite offices at a dozen agencies. He also lifted long-standing regulations that once safeguarded the church/state divide. For example, under the new rules, staff members at faith-based organizations that receive federal funds are now allowed to ask whether or not job applicants believe in a higher power—and can hire or reject them depending on how they answer the question.

DEPARTMENT OF LABOR: Soon after Bush launched his initiative, Labor Secretary Elaine Chao announced tens of millions of dollars in grants each year for faith-based work-force training and prisoner re-entry programs around the country, including Jubilee Jobs in Grand Rapids, Michigan, and Bridge to Hope Ministries in Redmond, Oregon. One such program, Faith Partners in Colorado Springs, Colorado, teaches people how to find a job through finding Jesus.

DEPARTMENT OF VETERANS AFFAIRS: Bush’s initiative allowed a set of institutional changes at Veterans Affairs that have had a significant impact on the constitutional separation of church and state. In the past, faith-based groups supported by federal grants had to agree that they would not use religion while helping veterans. Under the new regulations, individuals supported by federal funds do not have to make this promise. Meanwhile, at the VA Health Care Network in upstate New York, “spirituality assessments” of patients are conducted by a chaplain within 24 hours of a patient’s arrival, according to a lawsuit that was filed by members of a Wisconsin-based organization, Freedom from Religion Foundation. A VA hospital in Big Spring, Virginia, also conducts a basic spiritual assessment, with such questions as “When talking to people, how often do you mention spiritual or religious things?” and “How often do you pray?” And at the Loma Linda VA Medical Center in California, a questionnaire states one of the goals of the assessment: “Maintain Optimal Spiritual Health.” In some facilities, these spiritual assessments are documented in a patient’s medical progress report.

APPOINTING INDUSTRY CRONIES

True to the classic metaphor of a fox guarding the henhouse, the administration continually selected private-sector employees for government jobs regulating the very industries for which they used to work. This allowed former lobbyists and private-sector employees to enact policies at odds with the department's mission and to look the other way when it came time to enforce regulations.

DEPARTMENT OF LABOR: Bush appointed David Lauriski head of the Mine Safety and Health Administration in 2001. Prior to his appointment, Lauriski lobbied to ease government regulations of coal-dust levels. Once in charge of the agency, he revived his effort, despite protests by health experts that it could increase the incidence of black-lung disease. Elsewhere at Labor, Bush appointed Paul DeCamp to serve as administrator of the department's Wage and Hour Division, which oversees labor standards and minimum-wage enforcement. Yet prior to his federal post, DeCamp represented Wal-Mart, which faces more than 50 wage-and-hour lawsuits. Until he resigned from the Labor Department in January 2008, DeCamp sought to gut overtime-pay protections.

DEPARTMENT OF THE INTERIOR: The Bush administration put bureaucrats in charge of making decisions about whether or not to proceed with roads, buildings, and other projects that might harm endangered species, bypassing the scientific experts. "A decade from now someone's going to say, 'How was this allowed to happen? How could a company do this? How could the river dry up? How is it that suddenly there is much more acid rain?'" says *Angler* author Gellman. "And you'll go back and look, and you'll go, 'Wow, we didn't notice that. And look what's happened since.'"

DEPARTMENT OF HEALTH AND HUMAN SERVICES:

In October 2007, Dr. Susan Orr was appointed deputy assistant secretary for the Office of Population Affairs, in which capacity she was responsible for advising higher-up officials on "a wide range of reproductive health topics," as well as overseeing the \$300 million-per-year family-planning program authorized under Title X, which insures access to contraception for low-income women. Orr, however, opposes contraception access. In 2001, when President Bush proposed eliminating the requirement that federal employees' health insurance offer a range of options for birth-control coverage, Orr, then the senior director for marriage and family at the Family Research Council, told *The Washington Post*, "We're quite pleased because fertility is not a disease. It's not a medical necessity that you have [contraception]." Orr resigned her post in May 2008.

DEPARTMENT OF AGRICULTURE: Over a dozen high-ranking Bush appointees to the USDA came directly from the meat industry. Prior to becoming the department's press secretary from 2001 to 2005, Alisa Harrison was public-relations director for the National Cattleman's Beef Association (the beef industry's largest trade group). Dale Moore served as NCBA's chief lobbyist before becoming chief of staff for Secretary of Agriculture Ann Veneman. Then there's Charles Lambert, also from the NCBA—erstwhile lobbyist and chief economist—who became deputy undersecretary for the USDA's marketing and regulatory programs. He worked hard to deny mad-cow disease; in a June 2003 hearing, he rejected the possibility that the disease could penetrate the U.S. Six months later, it did. As *Fast Food Nation* author Eric Schlosser wrote in 2004, "You'd have a hard time finding a federal agency more completely dominated by the industry it was created to regulate."

DEFUNDING DISSENTERS

When the Bush administration couldn't change the personnel or meddle with the mission of a specific agency, it had only one recourse: cut the purse strings. Just as the administration rewarded its faith-based programs with ample federal funds, it made cuts in areas that ran counter to its ideology. Money talks, and in the Bush administration, its voice was distinctly conservative.

DEPARTMENT OF ENERGY: Despite his professed interest in alternative energy sources, Bush repeatedly recommended cuts to programs working to develop wind, solar, nuclear, and hydrogen power technology. After Bush announced cuts in the 2005 budget, William Prindle, deputy director of the American Council for an Energy-Efficient Economy, a Washington think tank, told *The Christian Science Monitor*, "At this point in time, with high energy prices and pressures, you'd think maybe we'd want to invest in a suite of energy-efficiency programs that make a dent right away." Bush also made repeated cuts to research into energy conservation.

AGENCY FOR INTERNATIONAL

DEVELOPMENT (USAID): The Global Gag Rule, which Bush reinstated on his first day in office, prevents the use of federal money to support international groups that perform abortions—even if the U.S. assistance does not fund abortions but instead pays for contraception and HIV-prevention programs. The ban is so strict that USAID cannot even provide condoms to international health organizations working in countries with some of the highest HIV/AIDS rates in the world.



Can Partisanship Save Citizenship?

In the 1990s, reformers and academics worried about how to improve civic life. But they didn't foresee that technology combined with party politics would renew civic engagement and even elect one of their own.

BY HENRY FARRELL

Public intellectuals don't agree on much. However, in recent years they seemed to nearly unanimously believe that American public life was in terrible shape. Political scientists debated whether voter turnout in national elections was merely stagnant or was actively declining. Sociologists suggested that television, overwork, and a breakdown in communal ties were undermining participation in both public and social life. There was chronic hand-wringing about the state of political debate, with civic activists proposing that America needed more deliberative dialogue among people with different points of view.

These worries blossomed in the 1990s and continued to grow in the Bush years but now seem badly off target. Voter turnout in 2004 and 2008 was higher than it has been since the 1960s. The Obama campaign mobilized unprecedented numbers of volunteers. A thriving, if contentious public sphere has emerged on the Internet. Young people who a decade ago were volunteering in direct-service organizations but were otherwise disconnected from public life and electoral politics are now fully engaged and activated, not just as voters but as activists.

The movement to reinvigorate citizenship had roots in academia. Harvard's Robert Putnam identified the decline in political participation as a symptom of a broader collapse in civic organizations. In his 2000 book, *Bowling Alone*, he drew on survey data showing declines in membership in local organizations like the Elks lodges to argue that "social capital"—the resources that enable trust and cooperation—was drying up. Benjamin Barber of Rutgers and later the University of Maryland was among many who advocated for efforts to strengthen civil society, the realm of life between government and the market. James Fishkin, now at Stanford, sought to construct models of informed deliberative democracy. Harry Boyte of the University of Minnesota argued for expanding opportunities for public involvement in community decisions. Putnam's Harvard colleague Theda Skocpol described the shift from political organizations based on active local participation toward large and distant direct-mail membership groups, dubbing

this shift "diminished democracy" in a book of the same name.

This academic movement to reverse civic decline had an unusual level of impact outside the ivory tower, because politicians were struggling with the same problems. Bill and Hillary Clinton invited many of the movement's key academic and civic figures to a series of meetings in the White House and at Camp David. Before long, however, the impulse to redefine citizenship was lost in the partisan warfare of the Clinton era.

At roughly the same time, though, a promising young organizer-turned-politician from Chicago joined Robert Putnam's Saguaro Seminar, which brought together religious and civic leaders to explore ways to rebuild civic engagement in America. Today, when Barack Obama speaks about how citizens can transcend their political divisions to participate in projects of common purpose, he is drawing on the arguments and ideas from these intellectual debates of a decade ago. Ironically, while his election revives this dormant tradition, it also reveals the limitation of the underlying theory of civic decline.

NONE OF THE CIVIC-DECLINE ACADEMICS, whether they focused on voter participation, social capital, or the quality of deliberation, saw much use for political parties or partisanship. Putnam, in seeking to define American politics broadly, systematically underplayed the importance of partisan competition as a mobilizing force. While he surely acknowledged the significance of party-focused participation, he depicted it as merely one form of civic participation among many. In his view, joining a local Democratic organization was no different from joining local civic groups like the Jaycees, and both seemed decidedly retro. Fishkin and his colleagues actively depicted partisanship as part of the problem. Fishkin suggested that deliberative democracy went hand-in-hand with a Madisonian vision of politics that had been partly subverted by the rise of political parties. Together with Yale law professor Bruce Ackerman, he claimed that the current political system encouraged parties to mobilize partisan extremists at the expense of the moderate center and tried to design deliberative exchanges to minimize the role of partisanship.

The civic declinists further worried that new technologies were hurting civic participation. While they had harsh words for television, they dismissed the Internet as an insufficient substitute for local groups. Putnam suggested that the Internet was insufficient on its own to support dense community ties. While he acknowledged (with significant provisos) that the Internet could help shore up existing structures, he was skeptical that it could create its own forms of civic association. Fishkin and Ackerman were harsher. They poooh-pooohed what they saw as the current “infatuation” with the Internet, complaining that it threatened to “exacerbate the consequences of civic privatism.”

Skocpol likewise failed to anticipate the current resurgence in participation, but unlike Putnam and Fishkin, she recognized the importance of political conflict. Skocpol pointed to institutional problems—and in particular the declining interest of elites in organizing popular participation—as the major explanation for “diminishing democracy.” For Skocpol, a real participatory democracy would not involve citizens coming together to create spaces with a new common purpose. Instead, it would involve lively and vigorous contention *between* parties and organizations, each struggling to get as much recognition and distributional benefit as possible for its members.

The rebirth of civic participation this year is not a product of experiments in deliberative democracy or a new interest in league bowling. Rather, it is based on party politics, coupled with and accelerated by new opportunities provided by the Internet. Skocpol’s claim that “conflict and competition have always been the mother’s milk of American democracy” tells part of the story. Just as social-movement theorists might have predicted, the major innovations came from outsiders, like members of MoveOn.org, who wanted to challenge the system. At the time when it led opposition to the Iraq War, MoveOn represented a point of view that had little support among political elites, which meant it wouldn’t have been able to use conventional tools of interest-group politics even if it had wanted to. Instead, it turned to the Internet and created a new model of mass mobilization.

Unlike the mass-membership national organizations that Skocpol described, which asked for a single act from each member—a donation—MoveOn engaged its members through a never-ending flow of transactions—petitions, letters to Congress, polls, contests. In his book *The Argument*, Matt Bai writes that MoveOn’s members were typically ordinary suburbanites who have been “isolated for too long, entirely disconnected from each other and despondent over the rise of Republican extremism.” Thus, MoveOn built exactly the kind of dense local networks Putnam dreamed of and connected them to national debates as Skocpol hoped.

From MoveOn grew Howard Dean’s 2004 campaign and from there, the Obama campaign, which extended the earlier

models to create a campaign that kept on expanding, drawing in donors and voter contacts by the millions and turning Internet relationships into offline interactions, such as the 200,000 events organized through MyBarackObama.com and millions of voter contacts made by volunteers.

While the Republicans are well behind the Democrats in their use of these new forms of technology-based participation, there is absolutely no reason to believe that they will lag behind forever. Republican activists (such as those affiliated with *The Next Right* blog) are already thinking about how to borrow and reinvent Democrats’ organizing strategies. The lasting impact of the Obama campaign’s volunteering model will be to create a new paradigm of party competition in which each party builds mechanisms that increase grass-roots participation to avoid falling behind the other. If parties and interest groups

need high levels of participation among their supporters to win political battles, then we can expect participation to thrive in American politics as it never would have if it were based on civic good works alone.



ACADEMICS HAVE UNDERPLAYED THE IMPORTANCE OF PARTISANSHIP AS A MOBILIZING FORCE IN CIVIC PARTICIPATION.

TECHNOLOGY AND PARTISANSHIP aren’t only increasing participation. They’re also leading to a burgeoning of public debate, albeit not the kind that Fishkin and other academics imagined. Political blogs don’t fit well with deliberation theory. They are rough, raucous, and vigorously partisan. Yet they have been far more successful than any deliberative experiment in encouraging wide-scale political participation and involving large numbers of people in real and lively democratic debate. Successful deliberative experiments have typically been small-scale, leading to real doubts about whether they can be scaled up to even the level of a state. The distributed conversation of the blogs, in contrast, involves millions

of people, arguing vehemently about politics and other issues in interconnected forums of debate.

The blogosphere is far more disorganized than the typical campaign. Even so, debates between political bloggers tend to be structured in certain ways. Most substantive argument occurs within partisan boundaries rather than across them. There are few nonpartisan political blogs in the U.S., and none is very successful. Systematic efforts to encourage bipartisan conversation, such as Hotsoup.com and Left2Right (which was set up by distressed left-wing philosophers to encourage dialogue with the right in the wake of the 2004 elections), have invariably failed. Research suggests both that bloggers tend overwhelmingly to link to other bloggers who share their partisan views, and that readers tend overwhelmingly to read blogs that reflect their political affiliations.

Yet this likely reflects the enduring realities of politics more than any particular failure of blogs. As Jack Knight and James Johnson argue in their forthcoming book, *Politics, Institutions and Justification*, deliberation can neither magically

smooth away deep-rooted political differences nor replace voting and elections in large-scale democratic systems. In a country like the United States, where people's interests and political viewpoints often differ starkly from each other, argument and persuasion are unlikely to transcend partisan affiliations. Political discussions of issues where people strongly disagree are less likely to result in consensus than in winners and losers.

On this more realistic standard, blogs play an important and often valuable role in shaping democratic arguments between the left and the right. "Netroots" blogs, such as DailyKos and FireDogLake, which are oriented toward partisan politics, have reshaped internal debates about how Democrats should respond to the Republican Party. Even if these blogs are not systematically ideological, they have helped rebuild a more vigorous Democratic Party that is less abashed about its philosophical liberalism. These blogs may have also helped encourage Democrats to get involved in politics. Statistical evidence suggests that readers of left-wing blogs are more likely to participate in politics than either nonreaders or readers of right-wing blogs (even if the direction of causation is uncertain). The same is not true of broadly based deliberation; if anything, the evidence suggests that deliberation across party lines actively *hurts* political participation.

Moreover, while some politicians in the 1990s hoped for a more engaged citizenry, this level of participation also holds those same politicians accountable in new ways. For example, Josh Marshall's Talking Points Memo blog forced centrist politicians to stop prevaricating about their preferences over Social Security reform, stymieing their efforts to glide through the debate with mealy evasions. This may not be the kind of accountability that Fishkin favors, because it reflects partisan preferences more than an effort to reach bipartisan consensus, but it is none the less valuable for that.

That said, however, there remains a tremendous inequality in participation and political knowledge. While millions of Americans are engaged as never before as volunteers and debaters, millions more lack the time, the passion, or the patience for such intense engagement. We may be moving toward two economies of political information, one in which voters are intensely involved and informed, and the other in which they are not and are perhaps turned off by the strong opinions and intimidating voices of the well-informed.

THIS ISN'T THE FIRST TIME THAT scholars have misunderstood the basis of civil society. Scholars of civility and debate have held up the London coffeehouses of the 18th century as models. Political theorist Jürgen Habermas depicted these coffeehouses as the paradigmatic example of an emerging "public sphere" of discursive political participation. However, these coffee-

houses were less the occasions of civilized and genteel discussion than they were the sites of vigorous partisan contestation. As the historian Brian Cowan argues, London coffeehouses, like blogs, often identified with one of the two major political parties of the era. These parties' adherents sometimes came to blows with each other. Nor was this partisanship accidental to coffeehouse culture. Cowan claims that the "public sphere" of coffeehouse debate was actually "born out of the practical exigencies of partisan political conflict."

This isn't merely an academic point—it has implications for national politics. Obama's political project faces a dilemma that goes back to his own roots in the civic movement. Despite his efforts to build consensus with moderates and conservatives, his campaign's organizational innovations depended on and may be helping cement the politics of partisan division.

As Obama shifts focus from electoral politics to administration, he is trying to take online structures that were built around decentralized partisan participation and reorient them to a less partisan national agenda.

Evidence suggests that people who are strongly engaged in politics and hence likely to volunteer for campaigns are strongly partisan and tightly clumped around the ideological poles (they are strongly liberal or strongly conservative). If this is right, online activists are unlikely to follow Obama if he moves toward a post-ideological politics of citizenship and may even use Obama's own machine to organize against him (as they did within MyBarackObama.com when Obama announced his support for controversial wiretapping legislation). By rebuilding the Democratic Party around a model that is friendlier to decentralized online participation, Obama is both making it easier for Democratic activists to organize in protest against overly "moderate"

decisions, and forcing Republicans to adopt similar organizing techniques in order to win elections.

This may be a headache for the new administration. It isn't necessarily a bad thing in itself. Political conflict between parties with clearly diverging political platforms has its own pathologies, just as does the bipartisan-consensus politics it is replacing. However, it has the decided advantage of giving voters real choices. It should not be surprising that people are more inclined to participate in politics when they strongly identify with one political party and believe that it is important for that party to win elections, even if it cuts against a persistent anti-partisan bias in American political thought.

For generations now, public intellectuals have been asking for more participation in American politics. Like it or not, they're getting their wish. **TAP**

Henry Farrell is an assistant professor in the department of political science and at the Elliott School of International Affairs of the George Washington University.

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Culture & Books

"We human beings are now driving the planet, recklessly pushing it to unimaginable disaster. But, hey, it's still not pressing."

— PAGE 30



Partisan Earnestness: Artwork by Ron English adorns the side of a Boston warehouse.

VISUAL ART

ART IN THE AGE OF OBAMA

A new era may be dawning in which artists, strongly supported by the president, will transcend starry-eyed campaign pictures and develop new forms of enduring art.

BY SHARON BUTLER

LIKE MUCH OF AMERICA, THE ART world has fallen for Barack Obama with unguarded sincerity. From Shepard Fairey's widely reproduced poster to Robert Indiana's *HOPE* sculpture based on his well-known *LOVE* statue from the 1960s, artworks created to raise cash for the campaign manifest a partisan earnestness rarely seen since the graphics of the Russian Revolution of 1917. In one popular print, Ron English

depicts Obama's face morphed with an image of Abraham Lincoln.

Visual art, explicitly or implicitly, broadly reflects the politics of its generation. The art world has embraced Obama not only because of his soaring message of hope, firm anti-war stance, and strident call for change but also because he was the only candidate whose campaign explicitly embraced the arts as a policy concern. The Bush years have been a

deeply despondent period for American art. With Obama's presidency, though, a new era may be dawning in which artists, strongly supported by an administration as culturally sophisticated as it is politically enlightened, will transcend starry-eyed campaign pictures and develop new forms of enduring art that reflect both the indelible optimism of the moment and the undeniable challenges of the years to come.

In the George W. Bush era, art moved decisively away from the permanent object—the painting, the sculpture—toward transitory installations composed of found objects and recycled items. The September 11 attacks, and the Bush administration's twisted reaction to them, deepened that morbid perception of ephemerality. Nowhere in the art world has this collective despondency and resignation been more starkly revealed than

in a recent Guggenheim Museum exhibition lethargically titled “theanyspacewhatever.” Ten relational artists—that is, those focusing on how people and communities interact—who made it big over the past decade were commissioned to collaborate with curator Nancy Spector on installations that would occupy the museum’s five spirally arranged floors. Much of the show featured empty space, and Douglas Gordon’s faux-sage existential notions stenciled across the walls (“You’re closer than you know,” “Nothing will ever be the same”) seemed calculated to convey the profundity of banality and vice-versa—a Bushian notion if ever there were one. Perhaps the conceptual high point of the exhibition was Jorge Pardo’s maze of cardboard-screen partitions unevenly perforated with vaguely alien shapes, which made viewers yearn for it all to be over.

Other shows that reflected the country’s malaise include the 2008 Whitney Biennial, a huge survey exhibition organized by the Whitney Museum that aims to take the pulse of American art, and the New Museum’s “Unmonumental.” For the Biennial exhibit, curators Henriette Huldisch and Shamim M. Momim chose the theme “lessness,” and many of the selected artists devised easily transportable, conceptually witty, improvised projects, often using discarded materials that could be arranged and rearranged depending on the space available. “Unmonumental” curators Richard Flood, Laura Hoptman, and Massimiliano Gioni assembled a collection of distinctly unheroic objects, cobbled together from everyday stuff, that seeks to capture the unease, displacement, and anger peculiar to our times. In all of these exhibitions, little of the work has any intrinsic value as objects, and most pieces can easily be knocked over with a stiff kick. The corollary is that what Bush hath wrought can be easily reversed.

If only that were the case. Bush has left a large and complicated mess for the 44th president. At the same time, there is a realistic expectation that Obama will cure the American polity of most of the ills that Bush has visited on it. Already the art-world cynicism enshrined in the Guggenheim and the Biennial shows is

giving way to the hope-infused swooning of Shepard Fairey and Robert Indiana. But given the fraught political landscape that Obama has inherited, reality may soon moderate artistic sentimentalization. It is unfair to insist that he immediately live up to comparisons to Lincoln.

The change in the prevailing aesthetic is likely to be more evolutionary than revolutionary, nurtured as much by the Obama administration’s considered patronage as by its sheer inspiration. The Obama Arts Policy Committee, chaired by Broadway producer Margo

forms of illiberalism by fostering international cultural and artistic exchange. During the Bush administration, many artists saw U.S. cultural outreach programs as propaganda operations for Bush’s failed policy and refused to participate in them. But perhaps artists will be more inclined to serve as informal ambassadors under Obama.

At the same time, the committee’s recommendations draw very pragmatically on 21st-century sociology. The document refers to studies in Chicago that have shown that test scores improve faster for

As Obama tries to steer the country back on track, visual artists are likely to be re-energized by a new sense of inclusion and patriotism.

Lion and American Film Institute founder George Stevens Jr., engaged artists, cultural leaders, art educators, and arts advocates to explore the major issues confronting the art community. Their campaign document, “Barack Obama: A Champion for the Arts,” was released in early 2008 and recommends expanding public/private partnerships between schools and arts organizations, creating an “Artists Corps” to work in low-income communities, promoting cultural diplomacy, and attracting foreign artists by streamlining the visa process that was tightened after September 11. In its appreciation of the power of artistic endeavor to forge community and showcase creative freedom, this agenda recalls some of the best aspects of government subsidization of the arts during the New Deal—for instance, through the Works Progress Administration, which operated art, drama, media, and literacy projects. It also harks back to broadminded government (indeed, CIA) support for avant-garde art during the Cold War, which demonstrated that America’s political and cultural liberalism was an incubator of iconoclastic as well as traditional art and literature. Thus, the committee suggests that today’s artists should be tapped as an instrument of American “soft power” to counter Islamic extremism and other

low-income students enrolled in schools that link arts to the rest of the curriculum. The broader idea is that while arts education won’t necessarily produce more artists, it will help teach students how to think creatively and ensure that future generations maintain America’s global position of intellectual leadership and achievement. The committee has also called for increasing the budget of the National Endowment for the Arts (NEA), which has seen a net \$50 million budget decrease since it peaked at \$175 million in 1992.

Among artists, the larger hope is that during Obama’s administration, the “culture wars” that erupted in the 1990s between the arts community and the Christian right will be buried once and for all. During the Clinton and Bush administrations, the Republican-led Congress, blanching at risqué, cutting-edge, NEA-funded work like Robert Mapplethorpe’s infamous photographs, gutted the NEA and abolished grants to individual artists. These grants enabled many young and mid-career artists to continue working despite fluctuations in the art market. In 1992, some 40 percent of the money was set aside as block grants for states, which funded noncontroversial work that art journalist Lee Rosenbaum aptly described as “do-good projects that sound more like

TOP LEFT: GIACINTA PACE / AP IMAGES
BOTTOM: MATT SAYLES / AP IMAGES



Artistic Evolution: Robert Indiana's *HOPE* sculpture (above left) and Shepard Fairey's ubiquitous Obama image (left), both on display at the Democratic convention, contrast sharply with the nonvisual sound environment, "Promenade," (above) featured at the Guggenheim's exhibition "theanyspacewhatever," which exemplified art in the Bush era.

tive optimism and a more provisional hope that President Obama will become a great leader. We'll likely see a revival of subordinated artistic values such as hand-making processes and craftsmanship, and a resurgent interest in visual aesthetics over clever ideas and rhetorical rationale. Artists and critics are disillusioned with recycled, found, and shoddily assembled projects and will begin embracing media that are less ephemeral than those that were so popular during the Bush years. A future retrospective on art in the Obama era probably would not have much empty space or diversionary glibness but might instead offer finely wrought objects with allusive depth that forthrightly stake a claim on space and time in history—and deserve it.

However it turns out, Obama's presidency promises to be a political, social, and cultural watershed. The hope is that its momentous newness will revive the old-fashioned notion that visual art should endure for future generations. **TAP**

*Sharon Butler is an artist and professor of visual arts at Eastern Connecticut State University. She maintains an art blog, *Two Coats of Paint*, at twocoatsofpaint.blogspot.com.*

educational and social-welfare programs than professional cultural activities." If the Obama administration follows the spirit of the committee, individual artists' grants will be restored and more challenging cultural projects funded.

On a more direct level, Obama supports the Artist-Museum Partnership Act, introduced in 2007 by Sen. Patrick Leahy of Vermont, which would amend the Internal Revenue Code to allow artists to deduct the fair market value of their work for charitable contributions. Currently, if a wealthy collector like, say, Eli Broad, donates a painting to a museum, he gets to deduct the full market value of the work. If the artist who created the same painting were to donate it, however, he or she would only be allowed

to deduct the cost of materials. Since most artists are paupers compared to collectors, this is regressive taxation pure and simple and has discouraged artists from donating their works to museums and other cultural institutions.

As Obama tries to steer the country back on track, visual artists and the curators who select and organize their exhibitions are likely to be energized both by a new sense of inclusion and patriotism and by a quieter, more down-to-earth confidence born of the administration's pro-arts policies. Each factor should temper the other, so that neither uninflected idolatry nor mundane make-work becomes the order of the day. Ideally, artists will find a rich middle ground, marked by a durable affirmation of this moment's transforma-

BOOKS

A REALLY LONG HEAT WAVE

THE LONG THAW: HOW HUMANS ARE CHANGING THE NEXT 100,000 YEARS OF EARTH'S CLIMATE BY DAVID ARCHER

Princeton University Press, 180 pages, \$22.95

FORECAST: THE CONSEQUENCES OF CLIMATE CHANGE, FROM THE AMAZON TO THE ARCTIC, FROM DARFUR TO NAPA VALLEY BY STEPHAN FARIS

Henry Holt and Co., 256 pages, \$25.00

BY CHRIS MOONEY

TIMESCALE" IS A WORD ONE hears regularly from climate scientists like the University of Chicago's David Archer and rarely if ever from journalists like Stephan Faris. Reporters—and I am one of them—talk of time spans, time frames, time lines, and, of course, deadlines. But "timescale" conjures up an expanse of time so immense—not just decades or centuries but millennia and beyond—that it is alien to everyday human concerns and news media demands. Journalism is episodic and event-driven, always in search of the dramatic and the new. Global warming repeatedly fails that standard. A reporter cannot say "it happened today" of a phenomenon that is slow moving, incremental, and usually only detectable through statistical analysis.

And thus the disconnect that is one source of the unfolding tragedy of our time. As Archer notes in *The Long Thaw*, global warming could change the planet for the next 100,000 years, which is how long it may take for igneous rocks to "breathe" back in all the carbon dioxide we've released over just a few centuries. Scientists say the Holocene period of the earth's history is giving way to the Anthropocene—we human beings are now driving the planet, recklessly pushing it to unimaginable disaster. But, hey, it's still not pressing; there's always some breaking news development with more apparent urgency.

Consider press treatment of the early 2007 release of the Fourth Assessment Report of the United Nations' Intergovernmental Panel on Climate Change. These U.N. reports, which come only once every

five years or so, sum up the considered judgment of the international scientific community, and the 2007 report (whose authors were later awarded a Nobel Peace Prize along with Al Gore) flatly said that global warming is now "unequivocal" and predominantly human-caused. How did the press respond? According to an analysis by the Pew Research Center, global warming ranked fourth among news stories the week the report came out. In total coverage, it lagged behind Iraq, the 2008 presidential campaign (this was January of 2007), and tensions with Iran. By the next week, global warming had vanished from the roster of top stories entirely, supplanted by, among other things, the Super Bowl, the death of Anna Nicole Smith, and the bizarre story of an astronaut "love triangle" that ended in attempted murder and kidnapping charges.

How to overcome this seemingly undefeatable presentism? Hollywood tried to dramatize global warming in the 2004 movie *The Day After Tomorrow*, which showed the climate catastrophe happening all at once. But that isn't remotely plausible, and many climate scientists scoffed at the film.

Atlantic writer Stephan Faris seeks to wring drama out of global warming in a different way, by reporting on far-flung signs of incipient trouble. Luckily, he has had a generous travel budget, because it's hard to feel deeply inconvenienced by global warming in the continental United States today. Yes, there are ominous hints of changes, but they're hard to attribute definitively. Can we detect a climate signal in the increased incidence of wildfires or hurricanes? Despite Faris' attention to

Key West and New Orleans, the contribution of global warming to Atlantic hurricane activity in recent decades remains murky. All of which shows how hard it is to look at this issue on an annual or decadal timescale—to look at it as a journalist. Take Faris' trip to Darfur: A drought has exacerbated conflict there, and it's precisely the kind of drought one would expect to result from climate change. But direct causal attribution isn't possible, as the author fully acknowledges.

The truth is that we've only seen a modest warming of less than a full degree Celsius so far, globally averaged. We're taking global warming's baby steps: Scientists didn't even fully agree on the phenomenon's human causation until around 1995. And it's still hard to pin down conclusively some effects of climate change, save in certain parts of the world where temperatures are running well ahead of the global average. In the Arctic, for example, global warming has been dramatically amplified, just as the computerized climate models have predicted for decades that it would be. Faris visits Churchill, Manitoba, which "may be the best place in the world" to see a polar bear. But the ice is shrinking, the bears are struggling, and the ground is denaturing thanks to thawing permafrost. Here, global warming has already arrived.

Climate change has also arrived in the calculus of the insurance industry, which has to look at global losses in aggregate. The big reinsurers are shaking up the business, hiring climate scientists and modelers and trying to estimate the impact of global warming on their risks (and raise rates accordingly). Faris can't definitively blame global warming for recent U.S. hurricane calamities, but as he shows, the insurers take that hypothesis seriously and are giving up on an old premise of their business—that the future will be like the past.

The biggest threat of climate change, however, is not to those with property to insure but to the world's poor. As Faris observes, environmental changes hit the socio-economically vulnerable the hardest, often tipping them over the edge, especially in the developing world. Global warming is never the sole cause

of crisis (not yet anyway; the seas haven't risen enough to force the evacuation of Bangladesh). But if you add a drought to all the other woes in Sudan, you get Darfur. Global warming, writes Faris in one of his best observations, is like "the effect of hunger in a person." It weakens, it gnaws, and though it may not be the sole cause of death, it pushes you in that direction.

Faris writes as if he wants to be named global warming's top stylist, an honor for which he'll have to battle Elizabeth Kolbert of *The New Yorker*. Archer, in contrast, can't bowl us over with narrative or prose. A scientist by trade, he would rather say "CaCO₃" than "calcium carbonate" and insists on writing out the Stefan-Boltzmann relation, which governs the rate at which an object (like the earth) gives off infrared radiation. But while his book is at times slow-going, it is also perhaps more powerful if you can get through it. For with Archer we are dealing with awesome time-scales far beyond our usual short-term frame of reference.

Since the beginning of the

the earth itself over vastly longer periods. If you just go back a few thousand years, natural climate variability only produced the Little Ice Age (1300 to 1800 AD) and the Medieval Optimum (a warm period from 800 to 1300 AD). These were blips of around .5 or 1 degree Celsius in either

off due to the earth's orbital variations. Once again, Archer emphasizes, with just a few centuries of fossil-fuel burning, we can outdo these swings of the planet and take the "reins" of climate.

Further back still was the hothouse world of more than 35 million years ago,



A piece of ice the size of a house crashes into the Rype Fjord from Eielson Glacier, Scoresbysund, Greenland.

After just a few centuries of partying on carbon, the only way for the earth to readjust will be through the 100,000-year process of "weathering."

industrial revolution, roughly 200 years ago, we've jacked up atmospheric carbon-dioxide concentrations by more than 100 parts per million, from around 278 to, as of 2007, 383. If we use every last bit of fossil fuel, we can probably get coal, though not oil, to last us a few more centuries. By then, parts per million will far exceed the danger zone threshold of 500. We will be committed to thoroughly melted ice sheets and tens of meters of global sea-level rise. Forget New York, Shanghai, and many other major coastal cities. Or rather, they will only be memories.

The power of Archer's book is to show that such changes, which we can bring about through just a few centuries of partying on carbon, can only be matched by

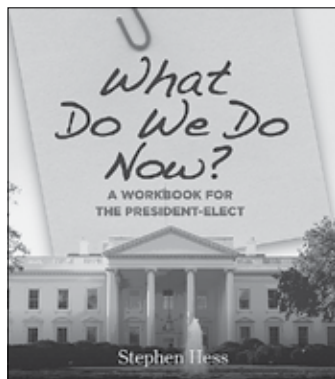
direction, globally averaged. That's child's play: We've already nearly matched or exceeded it. Archer calls such changes "subtle" and notes that they're mostly felt in specific regions running ahead of the global average. This is the kind of climate change—the "subtle" kind—that Faris is covering now as a journalist.

Only if you go back 18,000 to 21,000 years in the earth's history do you begin to see really unsubtle changes, this time of a cooling variety. At that time the planet was 5 to 6 degrees Celsius cooler, with sea levels more than 100 meters lower than at present, because so much of the water was frozen on land. Peering back hundreds of thousands of years, glacial and interglacial periods flipped on and

with crocodiles in Greenland, no great ice sheets, and sea levels vastly higher than anything we can conceive of. This is the planet whose return we could commit ourselves to unless we do something serious to change course. It's a world that could ultimately see up to 70 meters of sea-level rise. And once that happens, the only way for the earth to readjust itself will be through the 100,000-year process of "weathering," as carbon dioxide gradually drains out of the atmosphere.

Archer has now gone geologic on us. It's the kind of perspective we need in order to realize how insane we're being. He writes, "Civilized humanity has never seen a climate change as severe as global warming." It will make the disruptions that Faris writes about—the Darfurs—seem minor in comparison.

Somewhere in the global warming future lies the catastrophic collapse of the ice sheets of Greenland. We know we're committing to it at some point unless



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we act. Already scientists are very concerned about a variety of warning signs, including more glacial earthquakes and faster discharge of ice into the sea. We don’t know how stable Greenland is; it may prove resilient, or it could be fatefully tipped toward melting this century. We do know that if it entirely collapses, it will change the face of the planet, unleashing seven meters of sea-level rise globally (after the transatlantic tsunami subsides). Ten meters of sea-level rise, it is estimated, would displace 10 percent of humanity. That, finally, would be *news*.

Faris and Archer, with their very differently scaled perspectives on global warming, add to a growing shelf of climate books published in the past few years. Without anything approaching adequate

shorter-term media attention, books and the occasional film like *An Inconvenient Truth* have instead sounded the most eloquent alarms. That’s not enough to reach or move a present-minded country like ours, but then, you don’t have to move every last person. There’s good reason to hope that the Obama administration and congressional leaders will disregard the immediate pressures and finally take these warnings seriously enough to act. **TAP**

Chris Mooney is author of The Republican War on Science, and Storm World: Hurricanes, Politics, and the Battle Over Global Warming, as well as the forthcoming Unscientific America: How Scientific Illiteracy Threatens Our Future (with Sheril Kirshenbaum).

BOOKS

BEHIND FORTUNE’S SMILE

OUTLIERS: THE STORY OF SUCCESS BY MALCOLM GLADWELL

Little, Brown and Company, 309 pages, \$27.99

BY DALTON CONLEY

THREE AND A HALF DECADES AGO, in their book *Inequality*, the sociologist Christopher Jencks and his co-authors claimed that where we end up in life is largely a function of luck or chance. At best, they wrote, statistical models predict about half of the variation in schooling and probably less in income. Further, Jencks and colleagues argued, we suffer from attribution bias in that we ascribe successes to personal qualities and failures to bad luck or outside forces, especially when those successes and failures are our own.

In his new book, *Outliers*, Malcolm Gladwell gives us a peek into the black box of all that so-called “luck.” Gladwell maintains that culture and social structure matter a lot more as determinants of success than we care to think they do. In fact, a better title for his book might have been *Hidden Bias*, since it’s not at all about outliers—statistical oddities that appear to defy predictive models—but really about how unseen social

forces shape or constrain opportunity.

One of Gladwell’s most interesting examples is how the birthdates of Canadian men turn out to be a powerful predictor of success in the hyper-competitive national sport of hockey. Arbitrary cut-off dates matter, it turns out, since they condition the age (and thus the developmental stage) when boys start playing, the group into which they are slotted, and therefore the amount of attention that they receive from coaches. This example is particularly effective since it comes from the ostensibly meritocratic world of sports, where the rules are the same for all comers. By focusing on “quarter of birth”—that is, whether children are born during the first three months or some other part of the year—Gladwell illuminates the hidden forces at work in our lives without touching on hot-button issues such as race, gender, or social class (which he gets to later).

Quarter-of-birth effects also show up in more consequential arenas than

sports. For example, since many schools use Jan. 1 birthdates as a cut-off for entry into school, some researchers argue that those birthdates have substantial effects on student performance. Children born just after Jan. 1 tend to do better because they're almost a year older when they start school than children born in December. On the other hand, they also reach the age at which they are permitted to drop out having completed a year less of schooling.

Outliers is at its strongest when describing quirky academic research in this way. Gladwell touches upon research ranging from social psychological studies of Southern culture to the benefits of being born in a demographic trough to the debate over "summer setback"—the notion that race and class gaps in educational achievement don't occur during the academic year but when kids are away from school. These and other theories, however, are just that—theories—and Gladwell fails to fully represent the swirling academic debates around these claims. But it would be a mistake to get worked up over these shortcomings. His mission is not to review the literature systematically but to get lay readers thinking about their own lives in a newly critical way.

Gladwell gets into real trouble, however, when he illustrates these putatively general phenomena with deliciously recounted anecdotes about particular individuals. And it is here that Gladwell walks into a trap that plagues many social scientists who attempt to write for a broad audience. By their very nature, individual stories cannot prove relationships between social variables. Gladwell offers dozens of compelling examples, ranging from Bill Gates to J. Robert Oppenheimer—the physicist who was the father of America's atomic bomb—to Gladwell's own Jamaican grandmother. He is trying to rewrite the typical individualistic biographies of these folks, stressing the "lucky" social advantages they had—ranging from free computer-mainframe time for the young Bill Gates to the standing invitation the early Beatles enjoyed to play in Hamburg.

But Gladwell lacks any rigorous coun-

terfactual or comparison cases. Would Gates have succeeded in another industry had he been born a decade or two earlier (plastics, son, plastics)? Would Joe Flom—a leading litigator who practically founded the legal field of mergers and acquisitions—have succeeded as a biotech entrepreneur had he been born in 1970? With individuals, we can never know. In some instances, such as that of Gates, Flom, or the Beatles, Gladwell

We don't know how many other long-forgotten garage bands toiled for the 10,000 hours that Gladwell deems key to the Fab Four's success.

presents no comparative case at all. So we cannot know how many other long-forgotten garage bands, for example, have toiled for the 10,000 hours that Gladwell deems key to the success of the Fab Four.

At other times Gladwell does provide a comparison, but the pairing is flawed. For instance, he contrasts the Manhattan Project's brilliant Oppenheimer with Chris Langan, an autodidact bouncer who was reported to be the "smartest man in America." But the two could have hardly resembled each other less in other ways. They differed in their class background, region, religion, parental nativity, and even birth cohort. The Langan-Oppenheimer duo fails to follow what we social scientists like to call the Millsian comparative method: Find two cases that are alike on all (or as many as possible) dimensions, except the crucial one under study. For instance, if you want to know the effect of universal health-care coverage on longevity, don't compare Canadians to Alabamans. Compare Manitobans to Minnesotans.

Other comparisons Gladwell deploys actually undermine his case. He argues, for example, that East Asians outperform other groups in math largely thanks to their historical experience in wet-rice agriculture (along with their monosyllabic and highly rationalized numbering system). According to Gladwell, rice-paddy maintenance

requires so much more careful work than, say, European wheat-growing that it favors a culturally transmitted norm of diligence and persistence, which in turn has enabled Asians (and the Asian Diaspora) to excel in math. (Research that a University of Pennsylvania education professor has had trouble getting published supposedly shows that persistence is an almost perfect predictor of math success.) The prob-

lem in comparing Chinese rice farmers to 18th-century French peasants who reputedly slept through much of the cold winters and worked for roughly a third of the number of hours is that there is much more variation in math among the "lazy," wheat-growing Europeans than could be accounted for by such a simple theory. Finland and the Netherlands, for instance, have consistently been in the top five of international rankings.

These are serious criticisms, but they shouldn't ultimately take away from the valuable service that Gladwell provides an American public that's overly enamored of both the myth of genius and Horatio Alger narratives of bootstrapped mobility. If Jencks was indeed right about attribution bias back in 1972, economically gloomy Americans today may be particularly receptive to the notion that our fates are not entirely in our own hands. The real question is whether we will remember the important lesson about the social basis of opportunity that Gladwell has imparted when the economic pendulum swings back from bust to boom. **TAP**

Dalton Conley chairs the department of sociology at New York University and is the author of the forthcoming, Elsewhere, U.S.A.: How We Got From the Company Man, Family Dinners, and the Affluent Society to the Home Office, BlackBerry Moms, and Economic Anxiety.

BOOKS

NO ONE IN CHARGE

THE NEXT GOVERNMENT OF THE UNITED STATES: WHY OUR INSTITUTIONS FAIL US AND HOW TO FIX THEM BY DONALD F. KETTL

W.W. Norton & Company, 256 pages \$25.95

BY ELAINE C. KAMARCK

THE STUDY OF HOW PUBLIC POLICY is carried out has been the stepchild of scholars and practitioners alike. It is intrinsically more interesting to opine on where policy should go than on how to get there. Yet the overwhelming breakdowns of government that lead to political breakdowns have often been failures of implementation.

The trend line on public opinion about George W. Bush illustrates the point. Bush's popularity nose-dived after Hurricane Katrina in September 2005 and never recovered. Had the administration been able to carry out standing policies to deal with the emergency, Bush could have escaped the sense of disgust and disgrace that followed him thereafter.

Implementation is what may bedevil Barack Obama as it has presidents before him. His policy mandate is clear—to get the economy moving and to get us out of Iraq—but how to make these things happen is the hard part. Obama's recovery program will run into hundreds of billions of dollars as the administration attempts not just to stimulate the economy in the short term but to build infrastructure—indeed, “green” infrastructure—for long-term, sustainable growth.

Where will the programs come from? Who will let the contracts? Will they use existing bureaucratic structures and simply beef them up to spend the money more quickly? Or will they, in the mold of Franklin Roosevelt, create new agencies?

Changes in the way the federal government works complicate these challenges. Increasingly, the government *causes* things to be done and *pays* for things to be done, but it no longer *does* those things itself. Yet we don't have the means of holding this new type of government

accountable, because often no one seems to be in charge.

Which is why Donald F. Kettl has made such a valuable contribution in his engaging new book, *The Next Government of the United States*. Kettl is director of the Fels Institute of Government at the University of Pennsylvania and a longtime student of public administration. In this book he explores the difficulty of holding the new structure of government accountable and suggests what ought to be done.

Kettl uses two compelling examples to illustrate his argument. The first involves his mother-in-law Mildred, an Alzheimer-

Increasingly, the federal government causes things to be done and pays for things to be done, but it no longer does those things itself.

er's disease victim who, like many elderly Americans, received medical and nursing-home care at the end of her life courtesy of the Medicare and Medicaid programs. Kettl focuses on the paradox that “she went through the entire application process and then received all of her care for two years through two of the fastest growing programs in the federal budget, yet she never encountered a single government employee.” And, says Kettl, “beyond the Mildred paradox is the Mildred corollary: throughout her care—whose taxpayer-borne costs totaled hundreds of thousands of dollars—no one was in charge. ... No one was budgeting the cost of her care, and no one was keeping track of the total amount spent to improve her quality of life.”

Hurricane Katrina provides Kettl with his second illustrative case. “The lack of

centralized control of the system,” Kettl writes of the federal government's emergency preparedness program, “frustrated angry residents searching for someone to blame. There was no single cause of the levee failure, no smoking gun pointing to a target at which to aim the anger of New Orleanians.”

As Kettl points out, the result of modern government is all too often an absence of clear lines of responsibility. The reasons are varied, but Kettl's analysis puts a large share of the blame on Congress, which is simply not up to the job of holding a complex, networked government accountable, because it cannot bear to undo old accountability arrangements. When it established the Department of Homeland Security, for example, Congress refused to merge into a single committee all the separate jurisdictions for oversight of immigration and naturalization, emergency management, the Coast Guard, and other services folded into Homeland Security. So the department reports to 88 committees and subcommittees, making effective oversight impossible.

Solving the accountability problem is a tall order. Kettl proposes some sensible solutions to these problems, such as focusing on results and creating relationships of trust, but there is no clear-cut fix for the problem. The successful managers he identifies are all drawn from emergency situations—Oklahoma City at the time of the bombing, Arlington County, Virginia, on September 11, 2001, Al Anbar province during the Iraq War, the New Orleans public schools after Katrina. The talented leaders in these emergencies understood intuitively the complexities of the situation and leveraged their authority over other levels of government and private organizations. Instead of trying to command and control, they orchestrated a medley of interests in pursuit of solutions.

Too often, as Kettl points out, gov-

ernment managers are loathe to accept responsibility for outcomes over which they have no control. And who can blame them? The exceptions are the routine chores of government, such as issuing Social Security checks to millions of people every month. But because government increasingly has to solve nonroutine problems, it has to orchestrate a complex of public-private relationships that don't fall neatly into pre-existing boxes on the government's organization chart. It is easy to imagine an Obama stimulus package that needs to be implemented through more than half of the Cabinet departments. The same will be true of action on climate change or on new national-security threats such as a flu pandemic.

The government that Obama has inherited has made only a partial transition to the new framework of networked organization. Most federally financed science and research and development projects as well as pure science, for example, are done, not by government bureaucracies but by government-led networks of private and university researchers. Similarly, even though government pays for human services, private commercial or nonprofit organizations perform most of the work. The same is true even in national security with the rise of private military contractors. But in these areas, the accountability challenge looms especially large. In the past, a new president had to master the federal bureaucracy, which was hard enough. Obama faces an even more daunting problem—bringing into line with his policies not only the bureaucracy but also the many private organizations that government works through. Kettl's book has no single answer but at least points to the kind of leadership and methods of coordination that this new structure of government demands. **TAP**

Elaine C. Kamarck is a lecturer in public policy at Harvard University's Kennedy School of Government. She is author of The End of Government ... As We Know It: Making Public Policy Work. She served in the Clinton White House as creator and manager of the federal government's National Performance Review from 1993 to 1997.

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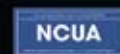
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From Consumers to Commons

BY ROBERT B. REICH

NOT LONG AGO, I WAS TALKING TO SOMEONE WHO once had been a deficit hawk but had been turned into a full-blooded Keynesian by the current recession. He wanted a stimulus package in the range of \$500 billion to \$700 billion. “Consumers are dead in the water,”

he said fervently, “so government has to rev up the economy so they’ll start buying again.” I agreed. But I didn’t tell him that his traditional Keynesianism is based on two highly questionable assumptions in today’s world and that Keynes’ underlying logic inevitably leads us toward something bigger and more permanent than my friend has in mind.

The first assumption is that American consumers will eventually regain the purchasing power needed to keep the economy going full tilt. That seems doubtful. Median incomes dropped during the last recovery, adjusted for inflation, and even at the start weren’t much higher than they were in the 1970s. Families went on a spending binge over the last 30 years despite this because women went into paid work, everyone started working longer hours, and then, when these tactics gave out, went deeper and deeper into debt. This indebtedness, in turn, depended on rising home values, which generated hundreds of billions of dollars in home-equity loans and refinanced mortgages. But now that the housing bubble has burst, the binge has ended. Families cannot work more hours than they did before and won’t be able to borrow as much, either.

The second assumption is that, even if Americans had the money to keep the spending binge going, they could do so forever. Yet only the most myopic adherent of free-market capitalism could believe this to be true. The social and environmental

costs would soon overwhelm us. Even if climate change were not an imminent threat to the planet, the rest of the world would not allow American consumers to continue to use up a quarter of the planet’s natural resources and generate an even larger share of its toxic wastes and pollutants.

This would be a problem if most of what we consumed during our binge years were bare necessities. Instead we binged on *stuff*. And surely there are limits to how many furnishings and appliances can be crammed into a home, how many hours can be filled manipulating digital devices, and how much happiness can be wrung out of commercial entertainment. The current recession is a nightmare for people who have lost their jobs, homes, and savings, and it is part of a continuing nightmare for the very poor. That’s why we have to do all we can to get the economy back on track. But most other Americans are now discovering they can exist surprisingly well buying fewer of the things they never really needed to begin with.

What we most lack, or are in danger of losing, are the things we use in common—clean air, clean water, public parks, good schools, and public transportation, as well as social safety nets to catch those of us who fall. Common goods like these don’t necessarily use up scarce resources; most often, they conserve and protect them. Yet they have been declining for many years. Some have been broken up and sold as more expensive private goods, especially for the well-to-do—bottled water, private schools, security guards, and health clubs, for example. Others, like clean air, have fallen prey to deregulation. Others have been whacked by budget axes; the current recession is forcing states and locales to axe even more. Still others, such as universal health care and pre-schools, never fully emerged.

Where does this logic lead? Given the implausibility of consumers being able to return to binge spending, along with the undesirability of our doing so even if we could, and the growing scarcity of common goods, there would seem only one sensible way to restore and maintain aggregate demand. That would be through government expenditure on the commons. Rather than a temporary stimulus, government would permanently fill the gap left by consumers who cannot and should not be expected to resume their old spending ways. This wouldn’t require permanent deficits as long as, once economic growth returns, revenues from a progressive

income tax refill the coffers. My friend the born-again Keynesian might not like where the logic of Keynesianism leads in today’s world, but he doesn’t need to know. The rest of us, however, might take heart. **TAP**



*The binge is over,
and consumers
cannot and should
not be expected to
resume their old
spending ways.*